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KEY TO ADVANCED ACCOUNTS

BY
R A GOODMAN.

FIFTH EDITION



LONDON
SIR ISAAC PITMAN &

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THE PAPER AND BINDING OF
 THIS BOOK CONFORM TO THE
 AUTHORIZED ECONOMY STANDARDS

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PREFACE

THIS Key has been prepared for the purpose of giving assistance to teachers and students in the correction of work. All practical exercises have been *adequately* worked.

Economy has been effected by the omission of folios and minor Ledger accounts. Narrations for Journal entries have been made only where such have been asked of the examinee.

In a few cases questions have been passed over by a reference to the textbook as it has been thought unnecessary to duplicate information contained in *Advanced Accounts*.

Every care has been taken to ensure that adequate and accurate working which may reasonably be expected in a book of this kind if it is to save the teacher and the student disappointment.

The present (fifth) edition is based on the completely revised and re set edition of *Advanced Accounts* first issued in 1942.



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KEY TO ADVANCED ACCOUNTS

EXERCISE I—No 1.

JOURNAL ENTRIES

			£	s	d	£	s	d
19	(a) Jan 15	Office Furniture and Fittings etc.—new To Office Furniture and Fittings etc.—old Exchange of 3 carpets valued £4 each for 2 office desks worth £12	12	-	-	12	-	-
19	(b) Jan 17	Office Furniture and Fittings etc.—new To Office Furniture and Fittings etc.—old Exchange of office safe valued £20 for typewriter worth £25	25	-	-	20	-	-
"	17	Office Furniture and Fittings etc.—old To Gain on Sale/for Exchange of Furniture etc. For adjustment of value for which old furniture was exchanged	5	-	-	5	-	-
			£42	-	-	£42	-	-

EXERCISE I—No 2

PURCHASES BOOK

			£	s	d	£	s	d
19	Jan 1	A Brown— 20 Bags of Coffee Less 10% trade discount	81	8	-			
"	5	R Smith & Co— 12 cases of Sugar Less 12½% trade discount	48	6	-	72	18	-
"	9	T Titus— 6 chests of Tea Less 20% trade discount	45	9	-	42	14	-
"	15	O Omicron & Son— 20 bags of Coffee Less 7½% trade discount	80	6	-	36	12	4
"	23	P Peters Ltd— 20 cases of Sugar Less 5% trade discount	61	3	-	74	15	5
"	27	L Lucas— 12 bags of Cocoa Less 25% trade discount	38	9	-	57	19	-
						28	14	6
						£313	13	3

EXERCISE I—No. 3.

JOURNAL ENTRIES
(P SMITH'S BOOKS)

(1)

19..		£	s	d	£	s	d
Feb 1	J Swift	580	-	-	580	-	-
	To Sales						
" "	Bills Receivable	450	-	-	450	-	-
	To J Swift						
	For bills of exchange of £250 and £200 for periods of two and four months respectively						
" "	J Swift	8	16	8			
	To Commission				4	10	-
	1% of £450				1	13	4
	To Discount						
	4% of £250 for two months				2	13	4
	To Discount						
	4% of £200 for four months						
" "	Cash	138	16	8	138	16	8
	To J Swift						
	£130 as agreed and £8 16s 8d (the amount of the commis- sion and discounts)						
		£1 177	13	4	£1 177	13	4

LEDGER

JOHN SWIFT

Dr (1)

(1) Cr

19		£	s	d	19		£	s	d
Feb 1	To Sales	580	-	-	Feb 1	By Bills Receivable	450		
" "	To Commission	4	10	-	" "	Cash	138	16	8
" "	To Discount	4	6	8					
		£588	16	8			£588	16	8

EXERCISE I—No 4

RECONCILIATION STATEMENT

	£	s	d	£	s	d
Bank Balance as per Pass Book				205	15	5
Add cheques paid in NOT cred ted—						
Plumer	98		2			
Methuen	208	16	4			
Cronje	84	14	9			
				391	11	3
Deduct cheques paid away NOT yet presented—				597	6	8
Chernside	41		10			
Hunter	101	4	8			
				142	5	6
Bank Balance as per Cash Book 31st Dec				£455	1	2

EXERCISE I—No 5

BANK RECONCILIATION STATEMENT

	£	s	d
Balance shown in Bank Sheet	1 123	4	7
Add cheques paid in NOT credited	72		8
	1 195	5	3
Less cheques unrepresented	240	6	2
Balance as Cash Book (a)	954	19	1
Add Amounts not posted to Cash Book	20	14	4
Balance as Cash Book (b)	975	13	5
Less amounts not posted to Cash Book	2	6	8
	£973	6	9

(a) After adjustment of omitted items

(b) The Cash Book balance should have been £973 6s 9d and not £968 3s 2d as stated in the question

There is thus a difference of £5 3s 7d which should be located by a check of the entries in the bank columns of the Cash Book with the entries on the Bank Sheets

Note The question does not seem to be perfectly clear as regards the term of Bank Interest. It is intended to be a charge and not an allowance the difference will be £9 16s 11d

EXERCISE I—No 6.

Dr

PETTY CASH BOOK OF W MEARS

Cr

Cash Received		Date	Particulars	Cash Paid		Trade Expenses		Office Expenses		Postage		Travelling Expenses			
£	s	d		£	s	d	£	s	d	£	s	d	£	s	d
100		2	To Bank	84	8	10	50	2	1	12	-	9			
74	8	10	By Sundry Payments (a)												
		7	To Bank	100	-										
		7	By Balance c/d												
£184	8	10		184	8	10									
100			To Balance b/d												
		9	By Sundry Payments	76	9	8	38	5	7	10	4	9	14	5	
76	9	8	To Bank	100	-										
		14	By Balance c/d												
£176	9	8		176	9	8									
100			To Balance b/d												
		16	By Sundry Payments	39	-	11	34	4	7	11	2	8	17	2	
9	6	11	To Bank	100	-										
		21	By Balance c/d												
£189	6	11		189	6	11									
100			To Balance b/d												
		23	By Sundry Payments	30	4	2	32	1	9	12	10	11	4	9	
0	4	2	To Bank	100	-										
		28	By Balance b/d												
£190	4	2		190	4	2									
100			To Balance b/d												

a In practice, each item would be enumerated as under—
By Trade Expenses—
Office
Postage
Travelling

a In practice, each item would be enumerated as under—

By Trade Expenses—
Office
Postages
Travelling

EXERCISE I—No 7

See *Advanced Accounts* page 6 (under Present day Use of Journal)

Books in daily use in the Counting house of a City Warehouseman are as enumerated below—

(1) Ledger (2) Cash Book (3) Purchases Book (4) Sales Book (5) Returns Books (a) In, (b) Out] (6) Bills Books [(a) Receivable (b) Payable]

EXERCISE I—No 8

SALES BOOK

19		£	s	d
July 1	A Bunn— 1 bale Stuff Goods (20 pieces each 2½ yds @ 9d a yard)	18	15	

Terms 1 month 6% prompt Cash

CASH BOOK

(DEBIT SIDE)

		Discount			Cash		
		£	s	d	£	s	d
19							
Aug 1	To A Bunn	1	2	6	17	12	6

EXERCISE I—No 9

See *Advanced Accounts* Chapter IX

EXERCISE I—No 10

JOURNAL OF JOHN FARMER WOOD MERCHANT

		£	s	d	£	s	d
(a)	Commission Account <i>Dr</i> To Mr Low 2½% of £9 342 6s 6d	233	11	2	233	11	2
(b)	Solicitor's Charges <i>Dr</i> Cash To H Smith Settlement of H Smith Account	9 78	4 6	6 2	87	10	8
(c)	Sundry Assets Account <i>Dr</i> To D Harris Second hand car purchased from D Harris (debtor)	40			40		

EXERCISE I—No. 11.

A reference to *Advanced Accounts*, pages 3 to 5, will give the necessary information on the question

EXERCISE I—No. 12.

The books generally used in a Merchant's Office are as follows—

- | | |
|---------------------------|-------------------------------|
| (1) Journal | (6) Bank Cash Book |
| (2) Purchases Book | (7) Petty Cash Book (Imprest) |
| (3) Sales Book | (8) Bills Receivable Book |
| (4) Returns Inwards Book | (9) Bills Payable Book |
| (5) Returns Outwards Book | (10) Ledger |

The Cash Book ruling recommended is as example in Chapter IX of *Advanced Accounts*

EXERCISE I—No. 13

JOURNAL ENTRIES

		£	s	d	£	s	d
19 July 5	J Smith To Bills Payable For acceptance at 3 mos dated 1st July	147	10	—	147	10	—
.. 5	Bills Receivable To Wm Dart For acceptance at 2 mos dated 2nd July	126	4	—	126	4	—
		£273	14	—	£273	14	—

PURCHASES BOOK

		£	s	d
19 July 7	Wallace & Co — 20 bales Fancy @ £25 a bale . . .	500	—	—

SALES BOOK

		£	s	d
19.. July 2	P Jones— 12 pieces Tapestry (240 yds @ 1/9) . . .	21	—	—
.. 10	F Humble— 20 pieces Fancy @ £35 a piece . . .	700	—	—
		£721		

EXERCISE I—No 13 (contd)

TRIAL BALANCE

	£	s	d	£	s	d.
Purchases	500	—	—			
J Smith	147	10	—			
Bill's Receivable	126	4	—			
W Smith	56	14	—			
F Humble	700	—	—			
Salaries	12	10	6			
Bills Payable				147	10	—
J Brown				89	10	—
Sales				1,007	1	
Discount				12	13	6
Wm Dart				126	4	
Bank Overdraft				160	—	
	£1 542	18	6	£1 542	18	6

EXERCISE I—No 14

JOURNAL ENTRIES

19		£	s	d	£	s	d.
Jan-Dec	Purchases Account	12 310	—	—	12 310	—	—
	To Sundry Creditors						
	Sundry Debtors	15 627	—	—	15 627	—	—
	To Sales Account						
	Returns Inwards Account	248	—	—	248	—	—
	To Sundry Debtors						
	Sundry Creditors	340	—	—	340	—	—
	To Returns Outwards Account						
		£ 28 525	—	—	£ 28 525	—	—

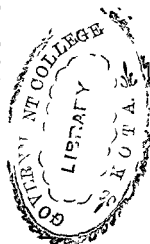
EXERCISE I—No 14 (cont'd)

Dr

CASH BOOK

Cr

19 Jan Dec	To Balance " Sundry Debtors " Deposit Account " Interest	£ 225 14 250 1 500 100	s — — — —	d — — — —	19 Jan Dec	By Sundry Creditors Jas. Thompson A. Clark Interest Wages Salaries Freight Repairs Balance c/d	£ 10 600 2 500 500 225 750 4 40 255 90 695	s — — — — — — — — — —	d — — — — — — — — — —
		£16 075					£16 075		



EXERCISE I—No 14 (contd.).

OPENING ENTRIES

19.		£	s	d	£	s	d
Jan 1	Bank	225	—	—			
	Stock	6 000	—	—			
	Warehouse	1 500	—	—			
	Deposit Account	2 500	—	—			
	To Jas Thompson				4 000	—	—
	" Capital Account				6 225	—	—
		£ 10 225	—	—	10 225	—	—

TRIAL BALANCE

	£	s	d	£	s	d
Purchases	12 310	—	—			
Debtors	899	—	—			
Returns Inward	248	—	—			
Discount	230	—	—			
Interest	125	—	—			
Deposit Account	1 000	—	—			
Stock	6 000	—	—			
Bank	695	—	—			
Warehouse	1 500	—	—			
Trade Expenses	1 515	—	—			
A. Clark	500	—	—			
Sales				15 627	—	—
Creditors				1 370	—	—
Returns Outward				340	—	—
Jas Thompson				1 500	—	—
Capital				6 225	—	—
	£ 25 062	—	—	25 062	—	—

EXERCISE VIII—No. 12

Dr.

L LOCKE IN ACCOUNT CURRENT WITH K KAY

Cr.

Date.	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts.
19 Jan 1	To Balance	Jan 1	£ 125 15	3	£ 11,340	19 Feb 10	By Cash	Feb 10	£ 70	49	£ 3,490
Feb 12	" Goods	Feb 12	62 10	6	2,961	Mar 18	" B/E	Mar 18	65	13	845
Mar. 31	" Balance of Interest ($\frac{9610 \times 10}{76,000}$)	Mar 5	1	6		Mar 5	" Expenses	Mar 5	15	3	416
		" 31		4		"	" Postages	"	1	6	
						"	" Commission	"	12	6	
						"	" Balance of Products	"	5	10	9 610
			£ 289	12	£ 14,301	"	" Balance c/d	"	36	5	
				1					£ 189	12	£ 14 301

EXERCISE VIII—No 13

Dr.

N NEWTON, MANCHESTER, IN ACCOUNT CURRENT WITH O OLDHAM, BOMBAY

Cr.

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts
19 Jan 27	To Net Proceeds of A/S of Cotton	Mar 15	£ 1,617	8	£ 119,792	19 Jan 1	By Balance	Jan 1	£ 753	2	£ 15,900
May 24	" Net Proceeds of A/S of Cotton	June 15	606	2	100,596	" 22	" Cash	Mar 22	27	10	4
				8		" 29	" Acceptance	Mar 3	250	62	4,601
						Feb 12	" Cash	Feb 12	106	12	6
						Mar 28	" Acceptance	Mar 31	250	30	22,800
						Mar 31	" Cash	May 3	250	123	30,750
						Apr 11	"	Apr 11	152	3	15,352
						May 13	"	May 13	236	12	10
						June 20	" Bal of Principal (A) and Interest (B)	May 19	8	14	35 517
						" 30	" Balance c/d	"	189	13	27,331
June 30	To Balance b/d		£ 2,223	17	£ 220,328				£ 2,223	17	£ 220,328
			188	13							

(A) Balance of Principal = £2 223 less £2 026 = £187

(B) Balance of Interest = £3/14/11 arrived at as follows

$$\left(\frac{16,831 \times 10}{73,000} \right) = 23.050$$

To reduce to figure in Products column, Multiply £187 by 181, which = 35,637

EXERCISE VIII—No 14

AVERAGE DUE DATES

ZERO DATES

Date	Item	Amount			Days	JUNE 5		SEPTEMBER 18		AUGUST 26	
						Products	Days	Products	Days	Products	Days
19 June 5	Goods	£ 726	s 16	d 2	37	£	105	£	82	£	
July 12		979	17	8		36 760	68	76 333	43	59 614	
Aug 26		1 127	3	11	82	92 414	23	25 921	—	103 714	
Sept 18		359	8	6	103	37 695			23	8 257	
		£3 193	6	3		£166 369		£168 898		£95 457	

June 5th + 52 days gives 27th July

Sept 18th - 33 days gives 27th July

Aug. 26th - 30 days gives 27th July

EXERCISE VIII—No 15

Date	Item	Amount			Days	Products
19 June 5	Goods . . .	£ 355	s 9	d 10	Zero	£
8	" . . .	466	16	8	33	Date
Sept 11	" . . .	229	14	7	98	15 411
						22 540
{ 1 052 divided into 37 951 gives 36 dys		£1 052	1	1		£37 951
∴ June 5 + 36 days gives July 11)						

EXERCISE I—No. 18 (contd.)

BALANCE SHEET OF X AND Y
AS AT 30TH JUNE, 1938

Liabilities		Assets	
	£		£
<i>Capital Accounts—</i>		Plant and Machinery	4,050
X	7,680	Motor Lorries	1,440
Y	4,000	Furniture and Fittings	810
<i>Current Accounts—</i>		Investments	2,500
X Balance 1st July	£1,650	Stock, 30th June	6,780
Add Share of Profit	£1,700	Sundry Debtors	£6,790
	3,350	Less Bad Debts Reserve	£500
Y Share of Profit	£1,360		6,290
Less O/drawn	£270	Rates Paid in Advance	40
	1,090	Insurance do	30
Bank O/draft	1,320	Cash in hand	30
Bills Payable	790		
Sundry Creditors	3,820		
	<u>£21,970</u>		<u>£21,970</u>

EXERCISE II—No. 1.

THE PIMLICO CYCLE CO

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

(Dr SIDE)

	£	s	d	£	s	d
To Stocks 1st January—						
Materials	2,730	—	—			
Machines	7,858	—	—			
				10,588	—	—
„ Purchases—Materials				139,920	—	—
„ Wages of Workmen				26,798	—	—
„ Balance—Gross profit				19,484	—	—
				<u>£196,790</u>	—	—

(Cr SIDE)

	£	s	d	£	s	d
By Sales—Machines				188,680	—	—
„ Stocks 31st December—						
Materials	1,860	—	—			
Machines	6,250	—	—			
				8,110	—	—
				<u>£196,790</u>	—	—

EXERCISE II—No. 2.

MESSRS WOLFE, HARVEY & CO
TRADING AND PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 30TH JUNE 19. *Cr.*

	£	s	d	£	s	d		£	s	d
To Stock—1st July				9	262	-	By Sales	51,508	-	-
" Purchases				44	662	-	" Stock—30th June	19	514	-
" Wages (manufacturing)				6	838	-				
" Balance—Gross profit				10	310	-				
				71	072	-		71	072	-
To Advertising	2	160	-				By Trading Account Gross profit	10	310	-
Less amount paid in advance	100	-	-				" Discounts received	766	-	-
				2	060	-				
Rent Rates & Taxes	1	396	-							
Add amount owing										
				1	686	-				
" Salaries				1	700	-				
" Trade Expenses				1	098	-				
" Addition to Bad Debts Reserve				50	-	-				
" Bad Debts				152	-	-				
" Depreciation—										
Plant & Machinery										
5% of £10 656				532	16	-				
" Lease (annual amt written off)				200	-	-				
" Interest on Capital Accounts—										
R Wolfe										
5% of £23 120	1	156	-							
T Harvey										
5% of £19 570	9	9	10							
				2,134	10	-				
" Discounts allowed				1	092	-				
" Balance—Net profit to Capital A/cs—										
R Wolfe $\frac{1}{2}$ share	175	7	-							
T Harvey $\frac{1}{2}$ share	175	7	-							
				450	14	-				
				11	076	-		11	076	-

EXERCISE II—No 2 (contd.)

MESSRS WOLFE HARVEY & CO
BALANCE SHEET AS AT 30TH JUNE 19

LIABILITIES				£	s	d	£	s	d	ASSETS				£	s	d	£	s	d	
Bills Payable							6	902			Cash	100	-							
Sundry Creditors							11	294			Bank	1	880	-						
Rent Outstanding								290									1	960	-	
Capital Accounts—																		940	-	
R Wolfe																				
Balance 1st July	23	120	-																	
Add Interest		1	156																	
Share of Profit			170	7																
		24	451	7														23	428	
Less Drawings			1	400														19	514	
							23	051	7											
F Harvey																				
Balance 1st July	19	570																		
Add Interest			978	10																
Share of Profit				170	7															
		20	723	17																
Less Drawings				1	300															
							19	423	17											
							£	61	891	4							£	60	891	4

EXERCISE II—No 3

MESSRS RICE & BAXTER

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock—1st Jan				N	I	L	By Sales	29	360				
Purchases	35	640	-				Less Returns						
Less Returns							Inwards	2	460	-	26	900	
Outward	1	706					Stock—31st Dec				12	857	10
" Balance—Gross				33	884	-							
Profit . . .				5	873	10							
	£	39	757	10				£	39	757	-	10	

MESSRS RICE & BAXTER

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d
To Rent Rates & Taxes				700	-		By Trading Account—Gross profit	5	873	10
Trade Charges				460	-		Interest Account—			
Interest & Discount				270	-		(For charge of 5% for 1 yr			
Salaries				1	200	-	or amount of £200 over			
Bad Debts Reserve							drawn by F Baxter)	2	10	-
2½% of £17 078				428	19	-				
Interest on Capital										
Accounts—										
P Rice										
5% of £20 000	1	000								
F Baxter										
5% of £10,000	500	-	-	1	500	-				
Balance Net Profit										
to Capital A/cs										
P Price										
½ share	879	1	3							
F Baxter										
½ share	439	10	7	1	318	11 10				

EXERCISE II—No 3 (contd.).

MESSRS RICE & BAXTER
BALANCE SHEET AS AT 31ST DECEMBER 19..

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Bills Payable				Bank—Current A/c	2 418	-	-
Sundry Creditors				" — Deposit A/c	1 000	-	-
Rent Outstanding							
Capital Accounts—				Bills Receivable			3 418
P. Rice				Sundry Debtors	17 078		3,560
Balance, 1st Jan	29 000	-	-	Less Bad Debts			
Add Interest	1 000	-	-	Reserve	426 19		
" Share of Profit	879	1	3				16 651
	21 879	1	3	Stock			12 837
Less Drawings	1,600	-	-	Furniture & Fixtures			800
F. Baxter							
Balance, 1st Jan	10 000	-	-				
Add Interest	500	-	-				
" Share of Profit	439	10	7				
	10 939	10	7				
Less Drawings	1 002	10	-				
(including Int of £'s)							
	£ 46 886	1	10		£ 36 886	1	10

EXERCISE II—No 4

MESSRS LEWIS & CO.

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 30TH JUNE 19 .

Cr

	£	s	d		£	s	d
To Stock 1st July	9 645	-	-	By Sales	37 500	-	-
" Purchases	28 381	-	-	" Stock, 30th June	11,774	18	4
" Freight and Cartage	158	-	-				
" Wages	5 340	-	-				
" Bal—Gross Profit	5 750	18	4				
	£ 49 274	18	4		£ 49,274	18	4

EXERCISE II—No 4 (contd)

MESSRS LEWIS & CO
 PROFIT AND LOSS ACCOUNT

Dr	FOR THE YEAR ENDED 30TH JUNE 19 .						Cr			
	£	s	d	£	s	d		£	s	d
To Gas & Elec. Light				80			By Trading Account—			
" Comm on & D sct				420			Gross Profit	5 750	18	4
" Addition to Bad										
Debts Reserve				100						
" Salaries				1 000						
" Partnership Salary										
(due to T Smothers)				300						
" Rent Rates & Taxes				1 500						
" Travelling Exps.				964						
" Bad Debts				119						
" General Expenses				312						
" Interest on Capital—										
P Lewis										
5% of £7 012	350	12								
T Smothers										
5% of £5 010	250	10								
				601	2					
" Balance—Net Profit										
to Capital A/cs										
P Lewis 1/2 sh	556	19	6							
T Smothers 1/2 sh	397	16	10							
				954	16	4				
				£5 750	18	4		£5 750	18	4

MESSRS LEWIS & CO
 BALANCE SHEET AS AT 30TH JUNE 19

LIABILITIES.	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				739			Cash				20		
Bills Payable				1 970			Bills Receivable				781		
Sundry Creditors				6 245			Sundry Debtors	9 036					
Capital Accounts—							Add Debtors for						
P Lewis							Rent	50					
Balance 1st July	7 012							9 086					
Add Interest	350	12					Less Bad Debts						
Share of Profit	556	19	6				Reserve	250			8 836		
	7 919	11	6										
Less Drawings	1 000						Stock				11 774	18	4
				6 919	11	6							
T Smothers													
Balance 1st July	5 010												
Add Interest	250	10											
Salary	300												
Share of Profit	397	16	10										
	5 959	8	20										
Less Drawings	400												
				5 558	6	10							
				£ 21 431	18	4					£ 21 431	18	4

EXERCISE II—No 5.

MESSRS ROCKLYN & CO

BALANCE SHEET AS AT 30TH SEPTEMBER, 19..

LIABILITIES								ASSETS							
	£	s	d		£	s	d		£	s	d		£	s	d
Sundry Creditors				3,080	-			Cash	80	-	-				
Capital Accounts—								Bank	3 120	-	-		3 200	-	-
To Rocklyn								Sundry Debtors	9 300	-	-				
Balance 1st Oct	10 840	-	-					Less Bad Debts							
Add Interest	542	-	-					Reserve	460						
Share of Profit	5 528	17	-						8 840	-	-				
	16 910	17	-					Less Doubt Reserve	221	-	-		8 619	-	-
Less Drawings	809			16 110	17								3 372	-	-
P Farmley								Stock							
Balance 1st Oct	10 306	-	-					Plant & Machinery	7 000				6 650	-	-
Add Interest	515	8	-					Less Depreciation	350	-	-		10 000	-	-
Share of Profit	5 528	17	-										3 000	-	-
	16 350	9	-					Premises							
Less Drawings	700			15 650	9	-		Extension of Works							
				£ 34,841									£ 34,841	-	-

MESSRS ROCKLYN & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER, 19 .

Cr

	£	s	d		£	s	d
To Stock 1st Oct	7 960	-	-	By Sales	49 240	-	-
Purchases	18 682	-	-	Stock 30th Sept	3 372	-	-
Wages of Workmen	6 333	-	-				
Coal and Coke	1 040	-	-				
Bal—Gross Profit	18 592	-	-				
	£ 52 612	-	-		£ 52 612	-	-

EXERCISE II—No 5 (contd.)

MESSRS ROCKLYN & CO

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER 19 Cr

	£	s	d	£	s	d		£	s	d
To Repairs and Renewals	1	140					By Trading Account—			
Bad Debts		196					Cr & Profit	18	582	
General Expenses		970					Rebts received		300	
Travellers Salaries and Commission	1	300					Discounts received		390	
Discounts allowed		860								
Rates and Taxes		760								
Salaries of Clerks		660								
Bad Debts Reserve		460								
Discount Reserve on Debtors (24% of £8 840)		721								
Depreciation—										
Plant etc (5% of £7 000)		350								
Interest on Capital—										
R. Rocklyn 5% of £10 840	542									
P. Farmley 5% of £10 306	510	6								
				1	057	6				
Balance—Net Profit to Capital A/cs										
R. Rocklyn ½ sh	4	528	17							
P. Farmley ½ sh	5	5	8 17							
				11	057	14				
	£	19	282					£	19	282

EXERCISE II—No 6

MESSRS W PRICE & L ACKWORTH

BALANCE SHEET AS AT 31ST MARCH 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bills Payable				642	3	4	Cash in Hand	6	7	3			
Rent Owning				50			Cash at Bank	112	6	6			
Sundry Creditors				2	257	16 9	Sundry Debtors	4	791	10	118	13	1
Capital Accounts—							Less Bad Debts Reserve	119	18	3			
W Price—											4	676	11 9
Bal 1st April			5	895	10		Stock				1	658	14 9
Add Interest				284	10	6	Plant Machinery and Fixtures	5	672	13 4			
				5	981	6 6	Less Depreciation	567	5	4	5	105	8
Less Drawings	396	10					Insurance Unexpired				7	3	4
Half Share of Loss	250												
						648	10						
E. Ackworth—													
Bal 1st April						5	334	19	6				
Add Interest													
Less Drawings	285	14	6										
Half Share of Loss	250												
						530	14	6					
						3	271	15					
						£	11	066	11	7	£	11	066

EXERCISE II—No 6 (contd.).

MESSRS W PRICE & E ACKWORTH

TRADING AND PROFIT AND LOSS ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST MARCH 19 .

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock, 1st April				2,172	11	3	By Sales	12,617	15	—			
" Purchases	8,329	4	1				Less Returns						
Less Returns Outward	317	6	7				Inward .	742	2	6			
				8,011	17	6	" Stock .				11,875	12	—
" Carriage Inwards				89	15	5					1,658	14	—
" Manufactg Wages .				991	9	10							
" Expenses				267	19	8							
" Factory Fuel and Power				54	6	2							
" Balance, Gross Profit c/d . .				1,946	7	5							
				£ 13,534	7	3					£ 13,534	7	3
To Office Salaries . .				374	10	6	By Trading Account, Gross Profit b/d				1,946	7	5
" Lighting and Heating				39	5	2	" Bal., NET LOSS .				500	—	—
" Travelling				92	6	7							
" Carriage Outwards				95	18	9							
" Rent, Rates and Taxes	276	14	9										
Add Quarter's Rent owing	50	—	—										
				326	14	9							
" Office Expenses . .				271	14	4							
" Discount				42	7	9							
" Insurance	57	6	3										
Less amount unexpired	7	3	4										
				50	2	11							
" Interest on Capital				465	2	8							
" Provision for Bad Debts				119	18	3							
" Depreciation—10% of Plant, etc.				567	5	4							
				£ 4,446	7	5					£ 2,446	7	5

EXERCISE II—No 7

MESSRS PERRY & RUSTON

TRADING ACCOUNT

Dr

FOR THE YEAR ENDED 30TH APRIL 19..

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st May .				6,390	—	—	By Sales	21,360	—	—			
" Purchases .	11,720	—	—				Less Returns						
Less Returns Outward .	1,620	—	—				Inwards	2,890					
				10,100	—	—	Stock, 30th April				18,500	—	—
" Carriage Inwards				356	—	—					9,384	—	—
" Wages (manufactg)				3,994	—	—							
" Bal., Gross Profit .				7,042	—	—							
				£ 27,884	—	—					£ 27,884	—	—

EXERCISE II—No 7 (contd)

MESSRS PERRY & RUSTON

PROFIT AND LOSS ACCOUNT

[illegible]

MESSRS PERRY & RUSTON
BALANCE SHEET AS AT 30TH APRIL 19

LIABILITIES.				ASSETS.			
£	s	d		£	s	d	
Bills Payable			1 870	Cash	40	-	
Sundry Creditors	35	8		Bank	1 898	-	1 938
Less D & C Reserve	89	9		Bills Receivable			53s
			3 488	Sundry Debtors	6 322		
Cash Creditor (includ ing accrued interest)			4 160	Less Bad Debts Reserve	291		
Capital Accounts—					6 031		
Jerry				Less D & C Reserve	226	3	3
Balance 1st May	9 280	-					3 805
Add Interest	464	-		Stock			9 384
Share of Profit	728	11	6	Plant & Machinery	2 900		
	10 472	11	6	Less Depreciation	590		
Less Drawings	800			Premises			3 310
			9 672				4 000
Ruston							
Balance 1st May	7 570						
Add Interest	376						
Share of Profit	495	14	3				
	8 441	14	3				
Less Drawings	600						
			7 841				
			£ 76 972				£ 76 972

EXERCISE II—No 8

MESSRS KINGSLEY & LARKE

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31st JULY, 19.. Cr

	£	s	d		£	s	d
To Stock 1st Aug . .	10,764	-	-	By Sales	47,560	-	-
" Purchases	21,162	-	-	" Stock, 31st July	9,550	-	-
" Wages (manufctg)	9,294	-	-				
" Bal.—Gross Profit	15,890	-	-				
	£ 57,110	-	-		£ 57,110	-	-

MESSRS KINGSLEY & LARKE

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31st JULY 19 Cr

	£	s	d		£	s	d
To Discounts allowed			850	By Trading Account—			
" General Charges			1,370	Gross Profit			15,890
" Rent, Rates & Taxes			3,500	Discounts recd			520
" Bad Debts			920	Bad Debts Res.			
" Salaries			2,520	1st Aug	1,160		
" Insurance			190	Less New Pro			
" Int on Capital A/c—				vision (provided)	600		
B. Kingsley							560
(5% of £21,560) 1,068							
R. Larke							
(5% of £10,640) 532							
			1,600				
" Depreciation—							
Patents							
(10% of £3,000) 300							
Plant & Machinery							
(10% of £14,890) 1,489							
Business Premises			200				
			1,989				
" Work Manager's							
Commission							
(5% of £3,951)			197				
" Balance—Net Profit							
to Capital A/c—							
Kingsley $\frac{1}{2}$ sh. 2,672	6						
Larke $\frac{1}{2}$ sh. 1,211	3						
			3,753				
	£ 16,970				£ 16,970		

EXERCISE II—No 9 (contd)

MESSRS RAMSDEN & BROOKES

TRADING ACCOUNT

Dr.

FOR THE YEAR ENDED 30TH JUNE, 19..

Cr

	£	s	d		£	s	d
To Stock, 1st July . .	5,900	-	-	By Sales	29,384	-	-
„ Purchases	17,182	-	-	„ Stock, 30th June	2,498	-	-
„ Wages	2,940	-	-				
„ Bal—Gross Profit	5,860	-	-				
	£ 31,882	-	-		£ 31,882	-	-

MESSRS RAMSDEN & BROOKES

BALANCE SHEET AS AT 30TH JUNE, 19 .

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bills Payable				3,800	-	-	Cash	30	-	-			
Sundry Creditors . .				8,192	-	-	Bank	1,120	-	-	1,150	-	-
Capital Accounts—							Bills Receivable . .				620	-	-
A Ramsden							Sundry Debtors . .	20	176	-			
Balance 1st July 12 300			-				Less Bad Debts						
Add Interest	615	-	-				Reserve	1,008	16	-	19,167	4	-
„ Share of Profit 664 12			-				Stock				2,498	-	-
	15,579	12	-				Plant & Machinery .	3,560	-	-			
Less Drawings	1,200	-	-				Less Depreciation .	326	-	-	3,204	-	-
				12,379	12	-	Premises				5,000	-	-
P Brookes													
Balance 1st July 6,890			-										
Add Interest	343	-	-										
„ Share of Profit 664 12			-										
	7,867	12	-										
Less Drawings	600	-	-										
				7,267	12	-							
				£ 31,639	4	-					£ 31,639	4	-

EXERCISE II—No 10

MESSRS A B C & CO

TRADING ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER 19 .

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan. . .				5,000	-	-	By Sales	25,000	-	-			
„ Purchases	10,000	-	-				Less Returns Inward	300	-	-	24,700	-	-
Less Returns Outward	200	-	-				„ Stock, 31st Dec				500	-	-
				9,800	-	-							
„ Wages (manufg) . .				2,000	-	-							
„ Rent of Factory . .				250	-	-							
„ Carriage & Freight on Raw Material				500	-	-							
„ Bal., Gross Profit				14,650	-	-							
				£ 32,200	-	-					£ 32,200	-	-

EXERCISE II—No 10 (contd)

MESSRS A B C & CO
PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To General Expenses (trade)				1 200	-	-	By Trading Account						
Travelling Exps				600	-	-	Gross Profit				14 6 0	-	-
Office Salaries				200	-	-	Dcts. received				180	-	-
Addition to Bad Debts Reserve				400	-	-	Interest received				120	-	-
Discts allowed				200	-	-	Interest on C's overdrawn						
Rates Taxes and Insurance				120	-	-	Capital A/c				50	-	-
Depreciation—Horses, Harness etc.													
(10% of £2 000)	200	-	-										
Plant & Machinery (5% of £6 000)	300	-	-										
Fixtures and Fittings (10% of £500)	50	-	-										
				550	-	-							
" Int on Cap A/cs													
A (5% of £10 000)	500	-	-										
B (5% of £10 000)	500	-	-										
				1 000	-	-							
Bal—Net Profit to Cap A/cs—													
A $\frac{2}{3}$ share	3 484	-	-										
B $\frac{1}{3}$ share	3 484	-	-										
C, $\frac{1}{3}$ share	1 742	-	-										
				8 710	-	-							
				£ 15 000	-	-					£ 15 000	-	-

MESSRS A B C & CO
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Sundry Creditors				1 000	-	-	Cash	10	-	-			
Capital Accounts—							Bank	2 300	-	-	2 310	-	-
A Bal 1st Jan	10 000	-	-				Sundry Debtors	6 000	-	-			
Add Interest	500	-	-				Less Bad Debts Reserve	600	-	-			
Sh of Profit	3 484	-	-								5 400	-	-
	13 984	-	-				Advance on Mortgage Stock				2 000	-	-
Less Drawings	1 000	-	-				Fixtures & Fittings	500	-	-	7 500	-	-
				12 984	-	-	Less Depreciation	50	-	-			
B Bal 1st Jan	10 000	-	-								400	-	-
Add Interest	500	-	-				Horses Harness and Vehicles	2 000	-	-			
Sh of Profit	3 484	-	-				Less Depreciation	200	-	-			
	13 984	-	-								1 800	-	-
Less Drawings	1 000	-	-				Plant & Machinery	6 000	-	-			
				12 984	-	-	Less Depreciation	300	-	-			
C Share of Profit	1 742	-	-								5 700	-	-
Less Balance							Freehold Offices				2 000	-	-
1st Jan £1 000													
Less Drawings	500	-	-										
Int 50													
	1 520	-	-										
				192	-	-							
				£ 27 160	-	-					£ 27 160	-	-

EXERCISE II—No 11.

POOLE & CO.

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER, 19..

Cr.

	£	s	d	£	s	d		£	s	d	£	s	d
To Salaries				940			By Trading Account						
Commission				660			Gross Profit				7,510		
Discts allowed				1,064			Discts. received				720		
Rent Rates, and Taxes				1,660									
General Expenses				872									
Travelling Exp.				520									
Deprecn of Plant				1,026									
Int on Cap A/c													
R. Poole													
(5% of £9 000)	450												
F. Winchley													
(5% of £9 000)	450												
				900									
Bal—New Profit													
to Capital A/cs													
R. Poole ½ sh.	344												
F. Winchley ½ sh.	344												
				688									
				£8,330							£8,330		

POOLE & CO

TRIAL BALANCE

	£	s	d	£	s	d
Drawings Accounts—						
R. Poole	800					
F. Winchley	800					
Sundry Debtors	7 360					
Plant and Machinery	9 252					
Premises	3 000					
Bank	1,160					
Salaries	940					
Carriage	450					
Commission	660					
Depreciation	1 026					
Discounts allowed	1 064					
Rent Rates, and Taxes	1 660					
Wages	5 480					
General Expenses	872					
Travelling Expenses	520					
Purchases	26,720					
Capital Accounts—						
R. Poole				9 000		
F. Winchley				9 000		
Bills Payable				1 500		
Sundry Creditor				6 204		
Discounts received				720		
Sales				35 360		
	£61 784			£61 784		
Stock, 30th Sept., £4 900						

EXERCISE II No 11 (contd)

POOLE & CO

BALANCE SHEET AS AT 30TH SEPTEMBER 19

LIABILITIES				£	s	d	£	s	d
Bills Payable							1 500		
Sundry Creditors							6 204		
Capital Accounts—									
R Poole									
Balance 1st Oct				9 000					
Add Interest				450					
Share of Profit				344					
				9 794					
Less Drawings				800			8 994		
F Winchley									
Balance 1st Oct				9 000					
Add Interest				450					
Share of Profit				344					
				9 794					
Less Drawings				800			8 994		
							£25 692		
ASSETS									
Bank							1 180		
Sundry Debtors							7 360		
Stock							4 900		
Plant—NET							9 252		
Premises							3 000		
							£25 692		

POOLE & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 30TH SEPTEMBER 19

Cr

				£	s	d					£	s	d
To Purchases				26 720			By Sales				35 360		
Carriage				450			Stock 30th Sept				4 900		
Wages of Workmen				5 480									
Bal —Gross Profit				7 610									
				£40 260							£40 260		

EXERCISE II—No 12.

MESSRS H OAKLEY & W DENHAM

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER, 19.

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				10 910	5	5	By Sales				45,230	2	10
" Purchases				31 038	10	7	" Stock, 31st Dec., 19				14 725	2	6
" Carriage				1 006	2	9							
" Wages				7 830	1	4							
" Bal., Gross Profit				9 010	5	3							
				£ 39 955	5	4					£ 39 955	5	4
To Salaries				550			By Trading Account						
" Rates and Taxes				231	9	11	Gross Profit				9 010	5	3
" Gen. Trade Exps				1 040	17	2	" Interest and Dis				43	12	1
" Repairs				337	13	1	count						
" Office Expenses				104	5	3							
" Insurance				191	11	4							
" Int. on Mortgage													
($\frac{1}{4}$ yr. at 5% of													
£4 000 added)				22									
" Bal. Debts Reserve													
(5% of £8 510)				425	10								
" Depreciation—													
Machinery & Plant													
($\frac{7}{8}$ % of £1 000)	450												
Fixtures & Fittings													
(6% of £3 600)	216			666									
" Int. on Capital A/c's													
H Oakley													
(3% of £10 000)	500												
W Denham													
(5% of £9 000)	450			950									
" Addition to Res.													
fund provided													
(7% of £4 311/10/7)				323	7	3							
" Bal.—Net Profit													
to Capital A/c's													
H Oakley sh	1 994	1	8										
W Denham sh	1 994	1	8	3 988	3	4							
				£9 051	17	4					£9 051	17	4

EXERCISE II—No 13 (contd.).

(Dr side) G ELKINGTON'S DRAWINGS ACCOUNT

				Months	Interest			Amount		
					£	s	d	£	s	d
19.										
Feb 1	To Cash	.	.	11	1	2	11	25	-	-
Mar 1		.	.	10	1	11	3	37	10	-
May 1		.	.	8	2	1	8	62	10	-
June 1	"	.	.	7	1	9	2	50	-	-
Aug 1		.	.	5		10	5	25	-	-
Sept 1		.	.	4		12	6	37	10	-
Nov 1		.	.	2		10	5	62	10	-
Dec 1		.	.	1		4	2	50	-	-
31	" Interest	.	.					8	2	6
								£358	2	6

MESSRS H SHEPHERD & G ELKINGTON

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

				£	s	d					£	s	d
To Purchases				9 857	6	6	By Sales				9 756	10	7
" Carriage & Freight				255	4	7	" Stock 31st Dec.				3 750	-	-
" Wages				1 304	2	6							
" Bal, Gross Profit				8 089	17	-							
				13 506	10	7					13 506	10	7
To Salaries				457	10	-	By Trading Account						
" Taxes & Insurance				224	12	8	Gross Profit				8 089	17	-
" Rents				525	7	6	" Interest on Draw						
" General Charges				108	2	2	ing Accounts						
" Repairs and Depre-				212	5	7	(as above Ledger						
" ciation				250	3	7	Accounts)—						
" Int and Disc							H Shepherd				10		
" Partnership Salary							G Elkington				8	2	6
" (Due to G Elkington)				100	-	-							
" Int on Cap A/cs											18	2	6
" H Shepherd													
" (5% of £4 000)				200	-	-							
" G Elkington													
" (5% of £1 000)				50	-	-							
" Bal—Net Profit													
" to Capital A/cs													
" H Shepherd													
" ½ share				2 989	19	1							
" G Elkington													
" ½ share				2 989	19	1							
				5 979	18	2							
				£8 107	19	6					£8 107	19	6

EXERCISE II—No 13 (contd)

MESSRS H SHEPHERD & G ELKINGTON
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				664	19	9	Cash in hand				365		2 11
Bills Payable				4	1	3 4	Sundry Debtors				4 657		8 6
Sundry Creditors				1 06		7 1	Stock				3 750		
Capital Acco nts—							Plant and Tools				1 437		11 5
H. Shepherd							Buildings				2 500		
Balance 1st Jan	4 000												
Add Interest	200												
Sh of Profit	7 968	19	1										
	7 189	19	1										
Less Drawings (as Ledger A/c)	410												
				6 779	19	1							
G. Elkington													
Balance 1st Jan	1 000												
Add Interest	50												
Salary	100												
Sh of Profit	2 969	19	1										
	4 139	19	1										
Less Drawings (as Ledger A/c)	3 18		2 6										
				3 781	18	7							
				£ 10 710		5 10					£ 12 710		5 10

EXERCISE II—No 14

LEDGER

Dr

BAD DEBTS ACCOUNT

Cr

19		£	s	d	19		£	s	d
(a) Dec 31	To Sundries	630	10	6	(a) Dec 31	By Profit and Loss	630	10	6
(b) Dec 31	Sundries	630	10	6	(b) Dec 31	Bad Debts Res	630	10	6
31	Bad Debts Res	723	3	10	31	Profit and Loss	723	3	10

Dr

BAD DEBTS RESERVE ACCOUNT

Cr

		£	s	d	19		£	s	d
					(a) Dec 31	By Balance	723	15	6
						Profit and Loss	723	15	6
(b) Dec 31	To Bad Debts	630	10	6	(b) Dec 31	Balance	723	15	6
						Bad Debts	723	3	10

Dr

PROFIT AND LOSS ACCOUNT

Cr

19		£	s	d					
(a) Dec 31	To Bad Debts	630	10	6					
31	Res	92	13	4					
(b) Dec 31	To Bad Debts	723	3	10					

BALANCE SHEET 31st December 19

ASSETS.
(a) Sundry Debtors
Less Bad Debts Reserve

£	s	d
16 368	16	3
818	8	10
£ 15 550	7	5

EXERCISE II—No 13 (contd.).

(Dr SIDE) G ELKINGTON'S DRAWINGS ACCOUNT

				Months	Interest			Amount		
					£	s	d	£	s	d
19..										
Feb 1	To Cash	.	.	11	1	2	11	25	-	-
Mar 1	"	.	.	10	1	11	3	37	10	-
May 1	"	.	.	8	2	1	8	62	10	-
June 1	"	.	.	7	1	9	2	50	-	-
Aug 1	"	.	.	5		10	5	25	-	-
Sept 1	"	.	.	4		12	6	37	10	-
Nov 1	"	.	.	2		10	5	62	10	-
Dec 1	"	.	.	1		4	2	50	-	-
31	" Interest	.	.					8	2	6
								£358	2	6

MESSRS H SHEPHERD & G ELKINGTON

TRADING AND PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19. Cr

				£	s	d					£	s	d
To Purchases				3857	6	6	By Sales				9756	10	7
" Carriage & Freight				255	4	7	" Stock 31st Dec.				3750	-	-
" Wages				1304	2	6							
" Bal, Gross Profit				8089	17	-							
				13506	10	7					13506	10	7
To Salaries				457	10	-	By Trading Account						
" Taxes & Insurance				224	12	6	Gross Profit				8089	17	-
" Rents				525	7	6	" Interest on Draw						
" General Charges				108	2	2	ing Accounts						
" Repairs and Depre				212	5	7	(as above Ledger						
" ciation				250	3	7	Accounts)—						
" Int and Disc							H Shepherd				10		
" Partnership Salary							G Elkington				8	2	6
" (Due to G Elkington)				100									
" Int on Cap A/cs											18	2	6
" H Shepherd													
" (5% of £4000)				200	-	-							
" G Elkington				50									
" (5% of £1000)													
" Bal—Net Profit													
" to Capital A/cs													
" H Shepherd				2989	19	1							
" ½ share													
" G Elkington				2989	19	1							
" ½ share													
				5979	18	2							
				8107	19	6					8107	19	6

EXERCISE II—No 13 (contd)

MESSRS H SHEPHERD & G ELKINGTON
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Bank Overdraft				664	19	9	Cash in hand				365	2	11
Bills Payable				421	3	4	Sundry Debtors				4 657	8	6
Sundry Creditors				1 06	7	1	Stock				3 750		
Capital Account—							Plant and Tools				1 437	14	5
H Shepherd							Buildings				2 500		
Balance 1st Jan	4 000												
Add Interest	200												
Share of Profit	2 989	19	1										
	7 189	19	1										
Less Drawings													
(as Ledger A/c)	410												
				6 779	19	1							
G Elkington													
Balance 1st Jan	1 000												
Add Interest	50												
Salary	100												
Share of Profit	2 989	19	1										
	4 139	19	1										
Less Drawings													
(as Ledger A/c)	3 8	2	6										
				3 781	16	7							
				£ 10 710	5	10					£ 10 710	5	10

EXERCISE II—No 14

LEDGER

Dr				BAD DEBTS ACCOUNT				Cr			
19				£	s	d	19				
(a) Dec 31	To Sundries			630	10	6	(a) Dec 31	By Profit and Loss			
(b) Dec 31	Sundries			630	10	6	(b) Dec 31	Bad Debts Res			
31	Bad Debts Res			723	3	10	31	Profit and Loss			
Dr				BAD DEBTS RESERVE ACCOUNT				Cr			
				£	s	d	19				
				(a) Dec 31			(a) Dec 31	By Balance			
							31	Profit and Loss			
(b) Dec 31	To Bad Debts			630	10	6	(b) Dec 31	Balance			
							31	Bad Debts			
Dr				PROFIT AND LOSS ACCOUNT				Cr			
19				£	s	d					
(a) Dec 31	To Bad Debts Res			630	10	6					
31				92	13	4					
(b) Dec 31	To Bad Debts			723	3	10					

BALANCE SHEET 31st December 19

ASSETS				£	s	d
(a) Sundry Debtors				16 368	16	3
Less Bad Debts Reserve				818	8	10
				£ 15 550	7	5

EXERCISE II—No. 15.

Dr.		BAD DEBTS ACCOUNT						Cr	
19		£	s	d	19		£	s	d
(a) Dec 31	To Sundries	62	15	10	(a) Dec 31	By Profit and Loss	62	15	10
(b) Dec 31	To Sundries	62	15	10	(b) Dec 31	By Bad Debts Res	62	15	10
" 31	Profit and Loss	14	14	1	" 31	" " "	14	14	1

Dr		BAD DEBTS RESERVE ACCOUNT						Cr		
19		£	s	d	19		£	s	d	
(a) Dec 31	To Profit and Loss	77	9	11	(a) Dec 1	By Balance . .	268	16	7	
(b) Dec 31	To Bad Debts	62	15	10	(b) Dec 1	By Balance .	268	16	7	
31	"	14	14	1						

Dr		PROFIT AND LOSS ACCOUNT						Cr		
19										
Dec	31	To Bad Debts	£	s	d	(a) Dec 31	By Bad Debts Res.	£	s	d
			62	15	10	(b) Dec 31	" " "	77	9	11
								14	14	1

BALANCE SHEET 31st December 19 .

					ASSETS	£	s	d
					(a) Sundry Debtors	3828	13	6
					Less Bad Debts Reserve	191	6	8
						£3637	6	10
					(b) As A "			

EXERCISE II—No. 16

Dr		BAD DEBTS RESERVE ACCOUNT				Cr			
19		£	s	d	19	£	s	d	
(a) Dec 31	To Profit and Loss	56	10	6	(a) Jan Dec 31	By Balance	56	10	6
(b) Dec 31	To Bad Debts	56	10	6	(b) Jan Dec 31	By Balance	56	10	6

Dr		BAD DEBTS ACCOUNT						Cr		
19		£	s	d	19		£	s	d	
(b) Dec 31	To Profit and Loss	56	10	6	(b) Dec 31	By Bad Debts Res	56	10	6	

Dr		PROFIT AND LOSS ACCOUNT				Cr			
					19				
					(a) Dec. 31	By Bad Debts Res	£	s	d
					(b) Dec. 31	" Bad D bts	56	10	6

EXERCISE II—No 16 (contd)

BALANCE SHEET 31st December 19

				ASSETS			£	s	d
				(a) Sundry Debtors			1006	8	10
				(b) As A					

EXERCISE II—No 17

Dr DISCOUNTS ALLOWED ACCOUNT				Cr		
19		£	s d	19		£ s d
(a) Dec 31	To Sundries	163	7 8	(a) Dec 31	By Profit and Loss	163 17 8
(b) Dec 31	To Sundries Discount Reserve	163	17 8	(b) Dec 31	By Discount Reserve Profit and Loss	163 17 8
31		190	0 8	31		190 0 8

Dr DISCOUNT RESERVE ON DEBTORS ACCOUNT				Cr		
				19		£ s d
				(a) Dec 31	By Balance Profit and Loss	170 15 6
(b) Dec 31	To Discounts Allowed	163	17 8	(b) Dec 31	By Balance " Discounts Allowed	170 15 6
						190 5 8

Dr PROFIT AND LOSS ACCOUNT				Cr		
19		£	s d			
(a) Dec 31	To Discounts Allowed	163	17 8			
31	Discount Reserve	31	0			
(b) Dec 31	To Discounts Allowed	190	5 8			

BALANCE SHEET 31st December 19

				ASSETS			£	s	d
				(a) Sundry Debtors			4361	10	11
				Less Bad Debts Res	£218 1/7				
				" Discount Res	£207 3/8		425	5	1
							£3936	5	10
				(b) As A "					

EXERCISE II—No 18

Dr DISCOUNTS RECEIVED ACCOUNT				Cr		
19		£	s d	19		£ s d
(a) Dec 31	To Profit and Loss	110	16 6	(a) Dec 31	By Sundries	110 16 6
(b) Dec 31	To Discount Reserve Profit and Loss	110	16 6	(b) Dec 31	By Sundries Discount Reserve	110 16 6
31		113	19 11	31		113 19 11

Dr DISCOUNT RESERVE ON CREDITORS				Cr		
19		£	s d	19		£ s d
(a) Dec 31	To Balance Profit and Loss	120	10 6			
		3	3 5			
(b) Dec 31	To Balance Discounts Received	120	10 6	(b) Dec 31	By Discounts Received	110 16 6
31		113	19 11			

EXERCISE II—No 18 (contd.)

Dr	PROFIT AND LOSS ACCOUNT				Cr		
				19		£	s d.
				(a) Dec 31	By Discts Received	110	16 6
				31	" Discount Reserve	3	3 5
				(b) Dec 31	By Discts. Received	113	19 11

BALANCE SHEET 31st December 19

LIABILITIES							
(a) Sundry Creditors	£	s	d.				
Less Discount Reserve	4,947	17	5				
	123	13	11				
	£4,824	3	6				
(b) As "A"							

EXERCISE II—No 19.

Dr	DISCOUNTS RECEIVED ACCOUNT				Cr		
19				19		£	s d.
(a) Dec 31	To Profit and Loss	187	16 5	(a) Dec 31	By Sundries	187	16 5
(b) Dec 31	To Discount Reserve	187	16 5	(b) Dec 31	By Sundries	187	16 5
" 31	" Profit and Loss	192	16 2	" 31	" Discount Reserve	192	16 2

Dr	DISCOUNT RESERVE ON CREDITORS				Cr		
19				19		£	s d.
(a) Dec 31	To Balance	160	13 6				
31	" Profit and Loss	4	19 9				
(b) Dec 31	To Balance	160	13 6	(b) Dec 31	By Discts. Received	187	16 5
31	Discts Received	192	16 2				

Dr	PROFIT AND LOSS ACCOUNT				Cr		
				19		£	s d.
				(a) Dec 31	By Discts Received	187	16 5
				31	Discount Reserve	4	19 9
				(b) Dec 31	By Discts. Received	192	16 2

BALANCE SHEET, 31st December, 19

LIABILITIES							
Sundry Creditors	£	s	d.				
Less Discount Reserve	5,626	10	11				
	160	13	3				
	£5,466	17	8				

EXERCISE II—No 20

Dr		BAD DEBTS ACCOUNT			Cr		
19 Dec 31	To Sundries	£	s	d	19 Dec 31	By Profit and Loss	£ s d
		1 000					1 000
19 Dec 31	To Sundries	1 100			19 Dec 31	By Profit and Loss	1 100

Dr		BAD DEBTS RESERVE			Cr		
19 Dec 31	To Balance c/d	£	s	d	19 Jan 1 Dec 31	By Balance Profit and Loss	£ s d
		1 125					880 265
		£1 125					1 125
19 Dec 31	To Profit and Loss Balance c/d	174	9		19 Jan 1	By Balance b/d	1 125
" 31		95	11				
		£ 12					£1 125
					Dec. 31	By Balance b/d	9 0 11

Dr		PROFIT AND LOSS ACCOUNT			Cr		
19 Dec 31	To Bad Debts Bad Debts Reserve (Additional amount to raise reserve to 7½% of £15 000)	£	s	d			£ s d
		1 000					
		965					
		£1 285					
19 Dec 31	To Bad Debts	1 100			19 Dec 31	By Bad Debts Reserve (Amount credited to reduce reserve to 7½% of £12 674)	174 9 -

EXERCISE II—No 21

JOHN COMBINE

TRADING ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19			Cr		
		£	s	d		£	s d
To Stock 1st Jan	9 600				By Sales (less Returns Inwards £100)	24 900	
Purchases	12 000				Stock 31st Dec	3 500	
Railway Charges	500						
Wages	3 200						
Balance Gross Profit	3 100						
	£28 400					£28 400	- -

EXERCISE II—No 22

MESSRS BLACK & WHITE

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER 19

 C_r

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				3 000	-	-	By Sales				24 800	-	-
Purchases				16 450	-	-	Stock 31st Dec				3 225	-	-
Wages (manufactg)				2 150	-	-							
Bal Gross Profit				6 425	-	-					28 025	-	-
				28 025	-	-							
To Salaries				820	-	-	By Trading Account				6 425	-	-
Rates and Taxes				325	-	-	Gross Profit						
Trade Charges				400	-	-							
Bad Debts Rec.													
(5% of £13 100)	650	-											
Less Old Res	600	-											
				55	-	-							
Int on Loan A/c				225	-	-							
(4½% of £5 000)													
Depreciation—													
Plant & Machinery				200	-	-							
(10% of £4 000)													
Lease (1/3 of £1 200				400	-	-							
written off)													
Int on Cap A/cs													
Black													
(5% of £5 000)	250	-											
White													
(5% of £2 000)	100	-		350	-	-							
Bal — Net Profit													
to Capital A/cs													
Black ½ share	1 825	-											
White ½ share	1 825	-		1 650	-	-							
				16 425	-	-					16 425	-	-

MESSRS BLACK & WHITE

BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Loan Account				5 2 ⁰⁰			Bank				1 200		
Sundry Creditors				15 34 ⁰⁰			Sundry Debtors	13 100	-	-			
Capital Accounts—							Less Bad Debts						
Black							Reserve.	65 ⁰⁰	-	-			
Bal 1st Jan	5 000	-	-								12 445	-	-
Add Interest	250	-	-				Stock				3 225	-	-
Sh of Profit	1 8 ⁰⁰	-	-				Piant	4 000	-	-			
							Less Depreciation	200	-	-			
	7 075	-	-								3 800	-	-
Less Drawings	500	-	-				Premum o Lease	2 400	-	-			
				6 575	-	-	Less annual amt						
							written off	400	-	-			
White											2 000	-	-
Bal 1st Jan	2 000	-	-				Freehold Land and						
Add Interest	100	-	-				Buildings				8 000	-	-
Sh of Profit	1 8 ⁰⁰	-	-										
	3 900	-	-										
Less Drawings	300	-	-										
				3 600	-	-							
				£ 30 670	-	-					£ 30 670	-	-

EXERCISE II—No 24 (contd)

MESSRS SLANDER & BACKBITE
BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d	
Bank Overdraft	1	9	0				Cash				£	457		
Add Int accrued	37		10				Sundry Debtors	8	440					
				1	537	10	Less Bad Debts							
Sundry Creditors				862			Reserve	4	2		8	018		
Advt paid in advance				700							381			
Capital Accounts—							Stock							
S Slander							Plant & Machinery	4	400					
Bal 1st Jan	9	64					Less Depreciation	440			3	960		
Add Sh. of Profit	9	4	11				Type	2	900					
							Less Depreciation	580			2	320		
Less Drawings	10	788	11				Horses and Carts	194						
	1	040		9	748	11	Less Depreciation	19	8		174	12		
B B Cbite							Freehold Works	4	950					
Bal 1st Jan	7	540					Add Extensions during year	150			5	100		
Add Sh. Profit	9	24	11											
Less Drawings	8	464	11											
	9	52												
				7	512	11								
				20	410	12					£	20	410	12

EXERCISE II—No 25

JOURNAL OF W JONES & CO
JOURNAL ENTRIES FOR ADJUSTMENTS

19		£	s	d	£	s	d
(a)	Machinery and Plant A/c To Purchases A/c	£	450	-		450	-
(b)	G Smith To Bad Debts Recovered A/c	15	12	8		15	12
(c)	B Brown To Allowances A/c	10	4	8		10	4
(d)	Returns Inwards A/c To R Robinson	52	1	4		52	1
		£527	18	8		£527	18

EXERCISE II—No 25 (contd)

STATEMENT OF ADJUSTED PROFIT

		Dr			Cr		
		£	s	d	£	s	d
19.	Balance as per Profit and Loss A/c				2,481	6	4
	(a) Reduction of Purchases				450	-	-
	(b) Recovery of amount previously W/o				15	12	8
	(c) Reduction of Allowances				10	4	8
	(d) Adjustment of Sales to NET amount	52	1	4			
	Total CREDIT of Profit & Loss A/c				2,957	3	8
	Less DEBIT item of P and L A/c				52	1	4
	Actual Profit for year				£2,905	2	4

EXERCISE II—No. 26

Dr		PUBLICATION OF BOOKS ACCOUNT			Cr			
		£	s	d		£	s	d
Year 1	To Paper	70	-	-	Year 1	By Sales i.e.	500	-
	Printing	100	-	-		(2 000 Copies @ 5/- ea)	90	-
	Binding	100	-	-		Stock at Cost		-
	Royalties	100	-	-		$\left(\frac{900 \times 300}{3 000} \right)$		-
	Advertising	30	-	-				-
	Profit on Sales	190	-	-				-
		£590	-	-			£590	-
Year 2	To Stock (at Cost)	90	-	-	Year 2	By Sales i.e.	225	-
	Royalties	45	-	-		(900 Copies @ 5/- ea)		-
	Profit on Sales	90	-	-				-
		£225	-	-			£225	-

Dr		AUTHOR'S ACCOUNT				Cr		
						£	s	d
			Year 1	By Royalties	.	100	-	-
			Year 2	By Royalties	.	45	-	-

Dr		ROYALTIES ACCOUNT			Cr				
		£	s	d			£	s	d
Year 1	To Author . .	100	-	-	Year 1	By Publication of Books	100	-	-
Year 2	To Author . .	45	-	-	Year 2	By Publication of Books	45	-	-

EXERCISE II—No 27

H FRANCIS

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

EXERCISE II—No 27 (contd.)

H FRANCIS

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 Cr.

	£	s	d	£	s	d	By Trading Account	£	s	d
To General Expenses . . .				241	2	2	By Trading Account	2,004	10	7
" Discounts Allowed . . .				263	12		" Discounts Recd	199	7	9
" Bank Charges . . .				7	8	8				
" Office Salaries . . .				427	12					
" Rates and Taxes . . .				242		1				
" Insurance . . .	47	6	3							
" Less amount unexpired . . .	12	4	2							
" Bad Debts . . .				35	2	1				
" Stationery . . .				92	12	2				
" Bad Debts Reserve . . .	500			47	8	2				
" (Amount required) . . .										
" Less Old Reserve . . .	310	7	6							
" Interest Due on Loan Account				189	12	6				
" Depreciation—				12						
Plant and Machinery . . .	144	5	3							
(10% of £1,442/12/11)										
Furniture, etc . . .	34	4	2							
(10% of £342/1/7)										
" Balance Nxt Profit . . .				178	9	5				
				468	9	4				
				£2,203	8	7		£2,203	8	7

EXERCISE II—No 27 (cont'd)

TH FRANCIS

BALANCE SHEET AS AT 31ST DECEMBER 19 .

[illegible]

EXERCISE II—No 28

RENT AND RATES ACCOUNT OF RILEY BROS.

Dr Cr

1936		£	s	d	1936		£	s	d
Jan 1	Rates prepaid	38	5	9	Jan 1	Rent outstanding	90	-	-
4	Rent for Christmas	90	-	-	Dec 31	Balance to P and L A/c	513	7	4
Mar 29	Rent for Lady Day	90	-	-					
June 26	Rates to 30th Sept	74	14	8					
July 7	Rent for Midsummer	90	-	-					
Sept 30	Rent for Michaelmas	90	-	-					
Dec 28	Rent for Christmas	90	-	-					
" 31	Rates owing c d	40	8	11					
		£603	7	4			£603	7	4
					1937				
					Jan 1	Rates owing b d	40	8	11

EXERCISE II—No 29.

RENT AND RATES ACCOUNT OF A LIMITED CO

Dr					Cr				
1933		£	s	d	1933		£	s	d
July 1	Rates prepaid	295	-	-	June 30	Rate prepaid	305	-	-
Sept 30	Rent	500	-	-	30	Balance to P and L A/c	3,190	-	-
Dec 31	Rent	500	-	-					
1934									
Mar 31	Rates	590	-	-					
31	Rent	500	-	-					
June 30	Rent	500	-	-					
30	Rates	610	-	-					
		£ 3 495	-	-			£ 3,495	-	-

Note The quarter's Rent to June 1933, does not apply to the year under review. Although paid on 10th July that amount is debited to Landlord's Account, the Rent Account including the June quarter will have been transferred to Profit and Loss Account for the year ended June, 1933.

EXERCISE II—No 30

JAMES THOMPSON

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED 30TH JUNE 19

Dr

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				4 850			By Sales	36 700					
Wages				12 684			Less Allowances and Returns	500					
Royalty				5 000							36 200		
Coals				1 260			Stock 30th June				5 000		
Candles and Oil				390									
Powder				372									
Ropes				53									
Timber				1 280									
Bal Gross Profit				10 311									
				41 900									
To Carrge & Freight				913							41 900		
Salaries				939			By Trading Account						
Rents Rates and Taxes							Gross Profit						
Repairs				2 330			Depts received				10 311		
Bank Charges				390			Depts not Reserve or Creditors				75		
Depts allowed				200			(24% of £8 000)						
Damages for Breach of Contract				850							200		
Reserve for Bad Debts (amount provided)				100									
Discount Reserve on Debtors (21% of £6 300) (£445)				445									
Depreciation—Plant and Machinery (5% of £3 520 for 6 months)				146 7 6									
Lease (proportion written off to extinguish in 1 year)				88 1									
Bal — Net Profit to Capital A/c				550									
				8 664 11 6									
				15 586							15 586		

JAMES THOMPSON

BALANCE SHEET AS AT 30TH JUNE 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Sundry Creditors	8 000						Cash						
Less Discount Reserve	200						Bank	5 709					
				7 800			Sundry Debtors	6 300			5 718		
Wages unpaid							Less Bad Debts Res						
Capital Account—							Dis. Res	445					
Balance 1st Jan	20 000												
Add Profit for 1/2 yr	8 664	11	6										
	28 664	11	6										
Less Drawings	800												
				27 864	11	6					5 708	12	6
							Stock				5 000		
							Office Furniture				100		
							Plant & Machinery	3 522					
							Less Depreciation	88	1				
											3 433	10	
							Lease	16 500					
							Less amount written off	550					
											15 950		
							Fire Insurance paid				40		
											35 950	11	6

EXERCISE III No. 1

JOURNAL OF A, B, and C

			£	s	d	£	s	d
(a)	Depreciation Dr		97	10	-	37	10	-
	To Shop Fittings etc							
(b)	A's Current Account Dr		3	10	-	3	10	-
	To Wages Account							
(c)	Advertising Dr		42	-	-	42	-	-
	To Stock Account							
(d)	Interest Account Dr	1,000	-	-	-	450	-	-
	To A's Capital Account					350	-	-
	.. B's Capital Account					200	-	-
	.. C's Capital Account							

EXERCISE III—No. 2.

Dr		DISCOUNTS RECEIVED ACCOUNT						Cr	
19		£	s	d	19		£	s	d
(a) Dec 31	To Profit and Loss	57	12	2	(a) Dec 31	By Sundries	57	12	2
(b) Dec 31	To Discount Reserve	57	12	2	(b) Dec 31	By Sundries	57	12	2
31	Profit and Loss	33	19	10	31	Discount Reserve	33	12	10

Dr		DISCOUNT RESERVE ON CREDITORS						Cr	
		£	s	d			£	s	d
19					19				
(a) Dec 1	To Balance	157	9	9	(a) Dec 31	By Profit and Loss	23	19	4
(b) Dec 31	To Balance	157	9	9	(b) Dec 31	By Discs Received	57	19	2
31	Discs Received	33	12	10					

Dr		PROFIT AND LOSS ACCOUNT				Cr		
19		£	s	d	19	£	s	d
(a) Dec 31	To Discount Reserve	23	19	4	(a) Dec 31	By Discs. Received	57	12 2
					(b) Dec 31	" " "	33	12 10

BALANCE SHEET 31st December 19.

LIABILITIES		£	s	d		
Sundry Creditors		5340	18	10		
Less Discount Reserve		133	10	5		
		£5207	8	5		

EXERCISE III—No 3

JOURNAL

			£	s	d	£	s	d
(a)	Discount Account	Dr	1	5	3	1	5	3
	To Suspense Account							
(b)	Suspense Account	Dr	9	-	-	9	-	-
	To Wages							
(c)	Suspense Account	Dr	4	15	-	4	15	-
	To Sundry Creditors							
(d)	Sales Account	Dr	1	-	-	1	-	-
	To Suspense Account							

EXERCISE III—No 4

Dr		SUSPENSE ACCOUNT				Cr					
19	To Balance	£	77	s	d	19	By Discount	£	3	s	d
	Sales		9	-	-		Customer		80	-	4
	Cash Purchases		1	18	4		General Expenses		5	-	-
			£88	6	4				£88	6	4

EXERCISE III—No 5

BALANCE SHEET OF CHAS. CANTAUR

LIABILITIES	£	s	d	ASSETS	£	s	d
Bank Overdraft	146	-	-	Cash in hand	147	-	-
Loan Account	7 000	-	-	Stock	617	-	-
Sundry Creditors	4 600	-	-	Sundry Debtors	3 457	-	-
Capital Account	1 000	-	-	Furniture etc	780	-	-
Balance 1st Jan	£513	-	-	Less Depreciation	78	-	-
Add Profit	156	-	-	Freehold Premises	3 000	-	-
	£669	-	-				
Less Drawings	512	-	-				
	£157	-	-				
	£790	-	-				

EXERCISE III—No. 6.

JOURNAL
ADJUSTMENT ENTRIES

		£	s	d	£	s	d
(1)	H. Carver To Suspense Account	Dr	22	15	-	22	15
(2)	Plant and Machinery To Purchases Account	Dr	350	-	-	350	-
(3)	Suspense Account To Returns Inward	Dr	91	-	-	91	-
(4)	Sales Account To Suspense Account	Dr	68	5	-	68	5
Net Profit					3	53	17
Add Purchases wrongly charged			350	-	-		
Returns Inward Over-cast			91	-	-		
			441	-	-		
Less Sales Over-cast			68	5	-		
					372	15	
Adjusted NET Profit					£3	926	12

EXERCISE III—No. 7

JOURNAL

		£	s	d	£	s	d
Bad Debts Reserve	Dr	92	7	6	92	7	6
To Bad Debts							
Sundry Creditors	Dr	8	15	-	8	15	-
To Bad Debts Reserve							
Profit and Loss Account	Dr	108	12	6	108	12	6
To Bad Debts Reserve							

Dr

BAD DEBTS RESERVE ACCOUNT

Cr

	£	s	d		£	s	d
To Bad Debts	92	7	6	By Balance	73	-	-
Balance old	108	-	-	Sundry Creditors	8	15	-
				Profit and Loss	108	12	6
	£192	7	6		£192	7	6

EXERCISE III—No 8

	£	s	d	£	s	d
Difference in totals of Trial Balance as stated	38	9	3			
(a) Amount omitted from list of credit balances in the Bought Ledger				5	9	6
(b) Amount required to be debited to Debtor to correct posting of £3 15s cash received as £3 13s	1	18	—			
(c) Allowance debited to creditor and not entered elsewhere required to be credited to Returns Outwards through Returns Outwards Book					19	9
(d) Amount required to be credited to Discounts Received to compensate for £17 4s posted to debit of that account instead of the credit				34	8	—
Difference still remaining	40	7	3	40	17	3
	40	17	3	40	17	3

EXERCISE III—No 9

$$\begin{aligned}
 & \left\{ \begin{aligned}
 (a) \text{ Gross Profit on Sales} &= \frac{1\,700 \times 100}{5\,100} = 33\frac{1}{3}\% \\
 (b) \text{ Gross Profit on Cost of Goods Sold} &= \frac{1\,700 \times 100}{3\,400} = 50\% \\
 (c) \text{ Net Profit on Sales} &= \frac{1\,020 \times 100}{5\,100} = 20\% \\
 (d) \text{ Expenses on Cost of Goods Sold} &= \frac{680 \times 100}{3\,400} = 20\%
 \end{aligned} \right.
 \end{aligned}$$

Percentage of

EXERCISE III—No 10

The books used in the Counting house of a City Warehouseman are as follows—

- | | |
|--------------------|-------------------|
| (1) Ledger | (4) Sales Book |
| (2) Cash Book | (5) Bills Books |
| (3) Purchases Book | (6) Returns Books |

The Ledger is of essential importance

Note—The Cash Book proper is part of the LEDGER

EXERCISE III—No 11

See *Advanced Accounts* pages 290 and 291 for example of Cash Book

EXERCISE III.—No 13.

MESSRS A MACADAM & J WESTRUM

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19. Cr

	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Jan	9 284	1	6	2 019	3	7	14 274	6	6	13 904	1	6
By Purchases	670	2					370	2		1 991	7	8
Less Returns Outward												
Wages				8 413	19	6						
Manufacturing Expenses				2 001	15	7						
Balance Gross Profit b/d				225	10	4						
				3 238	3							
				£ 15 895	12					£ 15 895	1	
To General Expenses				150	6							
Rates and Taxes	107	4	9									
Less Amount carried forward	27	1	9	140	3							
Insurance												
Less Amount carried forward	66	9	7									
	16	7	8	50	1	10						
Salar es				688	8							
Discount Account (allowed)				38	4	1						
Bad Debt Reserve (5% of £1,098/15/-)	79	16	9									
Less Old Reserve	68	3		13	19	9						
Depreciation—												
Land and Buildings (2½% of £9 960)	124											
Fleet and Machinery (10% of £1 098/10/-)	107	13										
Interest on Capital Accounts—				227	19							
A Macadam (5% of £8 000)	300											
J Westrum (5% of £2 983)	100											
Partnership Salary provided				400								
Balance Net Profit to Capital Accounts—				400								
A Macadam (½ share)	95	4										
J Westrum (½ share)	319	8		1 277	12							
				£ 265	1	8				£ 265	1	8

EXERCISE III—No. 13 (contd.).

MESSRS A MACADAM & J WESTRUM
BALANCE SHEET AS AT 31ST DECEMBER 1911.

LIABILITIES		£	s	d	£	s	d
Sundry Creditors	.	6 000			1,362	13	8
Capital Accounts—		2,000			8 000		
Angus Mac Adam	.						
John Westrum	.						
Drawing Accounts—							
Angus Mac Adam	.	900					
Interest on Capital	.	958	4				
Share of Profit	.						
Less Drawings	.	1 258	4				
		1 000			258	4	
John Westrum	.						
Interest on Capital	.	100					
Partnership Salary	.	100					
Share of Profit	.	319	8				
Less Drawings.	.	719	8				
		300			419	8	
					10 040	5	7
					£		

EXERCISE III—No 1A

Instructions suggested are--

(a) The clerks responsible for Inwards Invoices etc should be careful to analyse items under appropriate headings viz (1) Capital or (2) Revenue

(b) The clerks should make strict inquiries as to whether values stated in invoices with regard to stocks, materials, etc. are to hand.

(c) When examining invoices care must be taken in dealing with charges for boxes or packages which may be returnable so that such items can be properly accounted for in the Trading Account.

(d) Clerks must exercise care with regard to proportional amounts *re* Wages, Rent, Insurances etc. so that the exact amounts chargeable against the accounting period are brought into account.

EXERCISE III--No 15

NORMAN LOCKELL

PROFIT AND LOSS ACCOUNT

[illegible]

NORMAN LOCKELL

TRADING ACCOUNT

INCOME ACCOUNT									
Dr	FOR THE YEAR ENDED 31ST DECEMBER 19								Cr
	£	s	d	£	s	d	£	s	d
To Stock 1st Jan				9 570			By Sales	44 870	
" Purchases				25 380			Less Returns Inwards	3 190	
" Wages of Workmen				11 78					11 780
Bal.—Gross Profit				11 74			Stock 31st Dec		16 174
				£ 79 4					£ 579 4

EXERCISE III—No 15 (contd.)

NORMAN LOCKELL
BALANCE SHEET AS AT 31ST DECEMBER 19..

LIABILITIES				ASSETS			
£	s	d		£	s	d	
Bank Loan (including Interest)			4 100	Cash			3 0
Bills Payable			5 140	Bills Receivable			1 508
Sundry Creditors			7 720	Sundry Debtors	12 208	-	
Capital Account—				Less Bad Debts			
Balance 1st Jan	25 300	-		Reserve	660	8	
Add Interest	1 200	-		Stock			12 547 12
Net Profit for year	9 050	12	-	Consignments	1 800	-	
				Less Advances thereon	1 000	-	
Less Drawings	25 610	12		Plant & Machinery	7 640	-	
	2 40			Less Depreciation	704	-	
			27 210 12	Premises	6 000	-	
				Less Depreciation	100	-	
				Unexpired Insurance			20
							5 900
							44 170 12
			£ 44 170 12				£ 44 170 12

EXERCISE III—No 16

GREEN RICHARDS & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr

		£	s d			£	s d
To Stock 1st Jan		7 017	13 8	By Sales		73 483	10 10
Purchases		62 169	7 3	Stock 31st Dec		8 316	19 10
Wages		3 013	4 4				
Balance Gross Profit		9 600	5 5				
		£ 81 800	10 8			£ 81 800	10 8

EXERCISE III—No 16 (contd)

GREEN RICHARDS & CO

PROFIT AND LOSS ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19				Cr	
	£	s	d	£	s	d	
To Salaries of Staff				618	13	8	
Office Expenses				493	8	5	
D account				394	11	3	
Interest on Loans				12	10		
Insurance				63	4		
Bad Debts				17	2	6	
Sundry Trade Charges				2 838	18	9	
Depreciation—							
Machinery							
(7½% of £10 000)	750						
Works							
(2½% of £6 500)	162	10					
				912	10		
Partnership Salaries				1 500			
(£500 to each partner)							
Int on Cap A/cs							
J Green							
(5% of £8 000)	400						
H Richards							
(5% of £7 000)	350						
R Everitt							
(5% of £5 000)	250						
				1 000			
Loss on Consignment				198	10		
Bal—Net Profit to Capital A/cs							
(£ of £1 550 16 10 to each partner)				1 550	16	10	
				9 600	5	5	

GREEN RICHARDS & CO

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES		£	s	d	£	s	d	ASSETS		£	s	d	£	s	d
Loans					500			Cash		16	14	11			
Bills Payable					918	19	11	Bank		1 029	17	7			
Sundry Creditors					4 726	15	2	Bills Receivable					1 046	12	6
Capital Accounts—								Sundry Debtors		5 162	11	1	363	10	
J Green								Less Bad Debts							
Bal 1st June	8 000							Reserve		100					
Add Interest	400									5 062	11	1			
Salary	500							Less Dividend Res		182	11	6			
Sh of Profit	516	19			9 416	19							4 879	19	7
H Richards								Stock					8 316	19	10
Bal 1st Jan	7 000							Machinery		10 000					
Add Interest	350							Less Depreciation		750					
Salary	500												9 250		
Sh of Profit	516	18	11		8 366	18	11	Property—Works		6 500					
R Everitt								Less Depreciation		162	10		6 337	10	
Bal 1st Jan	5 000														
Add Interest	250														
Salary	500														
Sh of Profit	516	18	11		6 266	18	11								
					30 196	11	11						30 196	11	11

EXERCISE III—No 18

JOURNAL OF BLACK & BROWN

JOURNAL ADJUSTMENT ENTRIES

19		£	s	d	£	s	d
	(a) Buildings Account To Repairs Account	198	-		198	-	-
	(b) Jas Smith To Allowances Account	18	2	4	18	2	4
	(c) Machinery Account To Wages (manufacturing)	141	-		141	-	-
	(d) Sales Returns To F White	64	-		64	-	-
		421	2	4	421	2	4
	The Profit and Loss Account would be adjusted as follows—	DEBITED			CREDITED		
	(a) Buildings (reduction of Repairs)				198	-	-
	(b) J Smith (reduction of Allowances)				18	2	4
	(c) Machinery (reduction of Mfg Wages)				141	-	-
	(d) Francis White (Sales Returns) .	64	-				
	TOTAL CREDITS .				357	2	4
	LESS ITEM OF DEBIT .				64	-	-
	NET increase of Profit				293	2	4

EXERCISE III—No 19 (contd).

PEARSON & MACGREGOR

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.. Cr

	£	s	d	£	s	d	£	s	d
To Repairs and Renewals				248	2	1			
" Bad Debts				89	4	2			
" Travelling Expenses				156	14	2			
" Stable Expenses				192	1	4			
" Salaries				346	2	3			
" Water, Gas etc				126	2	7			
" Rent	150								
" Add Rent Outstanding	50								
" Insurance				200					
Less Amount unexpired	30	5	2						
" Trade Expenses	7								
General Expenses				23	5	2			
Rates and Taxes				197	18	1			
Less Amount unexpired	127	4	6	203	1	2			
" Commission	14	8	7						
" Bad Debts Reserve (amount required)	500			112	15	11			
Less Old Reserve	180			62	12	7			
" Depreciation—				350					
Plant and Machinery (10% of £847/10/-)	84	15							
Horses and Carts (15% of £356/14/11)	53	10	3						
Fixtures, etc (5% of £375/8/9)	18	15	3						
" Interest on Capital Accounts—				157		8			
J Pearson (5% of £8 000)	300								
A Macgregor (5% of £3 000)	150								
Balance Ner Profit to Capital Account—				450					
J Pearson 1/3 share	609	3	7						
A Macgregor, 1/3 share	304	11	10						
				913	15	5			
				£3 828	15	5			
							£3 828	15	5

PEARSON & MACGREGOR

BALANCE SHEET AS AT 31ST DECEMBER 19..

LIABILITIES						ASSETS					
£	s	d.	£	s	d.	£	s	d.	£	s	d.
Bank Overdraft	.	.	122	2	2	Cash in hand	.	.	46	7	1
Sundry Creditors	.	.	1,099	10	10	Bills Receivable	.	.	929	1	1
Rent Outstanding	.	.	50	-	-	Sundry Debtors	.	.	5,771	4	1
Capital Accounts—						Less Bad Debts Reserve	.	.	500	-	-
John Pearson						Stock	.	.	5,271	4	1
Balance, 1st Jan	.	.	6 000	-	-	Furniture and Fittings.	.	.	2,994	14	7
Add Interest	.	.	300	-	-	Less Depreciation	.	.			
" Share of Profit	.	.	609	3	7				375	8	9
									18	15	5
Less Drawings,	.	.	6 909	3	7	Horses and Carts	.	.	356	14	11
			650	-	-	Less Depreciation	.	.	53	10	3
Alan Macgregor									847	10	-
Balance, 1st Jan	.	.	3 000	-	-	Plant and Machinery	.	.	84	15	-
Add Interest	.	.	150	-	-	Less Depreciation	.	.			
" Share of Profit	.	.	304	11	10	Unexpired Values—	.	.			
						Rates and Taxes	.	.	14	8	7
Less Drawings,	.	.	3 454	11	10	Insurance	.	.	7	-	-
			300	-	-						
									21	8	7
									10,685	8	5

EXERCISE III—No 20

C English s—

(a) Circulating Assets £3 500

(b) Fixed Assets £2 760

(c) Working Capital £3 500 (This item may also be equal to Liquid Assets less Liquid Liabilities (£3 500 - £1 450 = £2 050))

(d) Capital would be £4 860

(e) Net Profit should be £190

(f) The creditors would still be £1 450 as the purchase of new machine relates to the ensuing financial year

EXERCISE III—No 21

Dr

ADVERTISING SUSPENSE ACCOUNT

Cr

1931

	£	s	d		£	s	d
To Advertising Balance c/d	498	10		By Profit and Loss	500		
	500				500		

1932

	£	s	d		£	s	d
To Advertising	578			By Balance b/d	602		
				Profit and Loss Account	500		
				Balance c/d	281		
	578				578		

1933

	£	s	d		£	s	d
To Balance b/d Advertising	284	30		By Profit and Loss Account	500		
	300			Balance c/d	92		
	584				592		

1934

	£	s	d		£	s	d
To Balance b/d Advertising	2	27	1	By Profit and Loss Account	500		
Balance c/d	192						
	194				500		

1935

	£	s	d		£	s	d
To Advertising	346			By Balance b/d	134		
				Profit and Loss Account	500		
				Balance c/d	829		
	346				465		
To Balance b/d	829						

EXERCISE III—No 21 (contd)

BALANCE SHEET

LIABILITIES				ASSETS			
1931	£	s	d	1932	£	s	d
Advertising Suspense A/c	1,002	-	-	Advertising Suspense A/c	1,293	-	-
1934	1,137	-	-	1933	92	-	-
				1935	229	-	-

EXERCISE III—No 22.

JOURNAL ENTRIES

19		£	s	d	£	s	d
	Trading Account	5,695	-	-			
	To Carriage Inwards				200	-	-
	" Rent, Rates, etc				960	-	-
	½ of £1,200						
	To Wages and Salaries				4,400	-	-
	Lighting and Heating				135	-	-
	Balances transferred						
	Profit and Loss Account	2,335	-	-			
	To Salaries and Wages				500	-	-
	" Lighting and Heating				220	-	-
	" Directors' Remuneration				1,000	-	-
	" Discounts and Allowances				190	-	-
	" Rent, Rates, etc (½ of £1,200)				240	-	-
	" Repairs to Plant, etc				185	-	-
	Balances transferred						
	Discount on Purchases	210	-	-			
	To Profit and Loss Account				210	-	-
	Balance transferred						
		£8,240	-	-	£8,240	-	-

EXERCISE III—No 23

A *Capital Account* is the account of the proprietor of a business. It embraces, ordinarily, the amount introduced to commence business, interest due on that sum, profit or loss arising out of the business, and drawings (if any).

Gross Profit is the amount by which the selling price exceeds the cost price.

Net Profit is the amount by which the Gross profit exceeds the selling and administrative expenses.

A *Trading Account* (or *Working Account*) deals with purchasing and manufacturing expenses.

A *Profit and Loss Account* deals with selling and administration expenses. (See *Advanced Accounts*, Chapter IV.)

EXERCISE III—No 24

Dr		Z COBB—CAPITAL ACCOUNT						Cr	
1934 Sept 30	To Balance c/d	£	s	d	1933 Oct 1	By Balance	£	s	d
		10 000	-	-	1934 Apr 1	Bank	1 200	-	-
		£10 000	-	-			£10 000	-	-
					1934 Oct 1	By Balance b/d	10 900	-	-

Dr		CURRENT ACCOUNT						Cr	
1933/34 Oct 1/ Sept 30	To Drawings Balance c/d	£	s	d	1933 Oct 1	By Balance	£	s	d
		2 000	-	-	1934 Sept 30	Interest	440	-	-
		196	6	8	30	Share of Profit ‡	30	-	-
					30		1 523	6	8
		£2 196	6	8			£2 196	6	8
					1934 Oct 1	By Balance b/d	196	6	8

Dr		R COBB—CAPITAL ACCOUNT						Cr	
1934 Sept 30	To Balance c/d	£	s	d	1933 Oct 1	By Balance	£	s	d
		5 000	-	-	1934 Apr 1	Bank	3 600	-	-
		£5 000	-	-			1 400	-	-
							£5 000	-	-
					1934 Oct 1	By Balance b/d	5 000	-	-

Dr		CURRENT ACCOUNT						Cr	
1933 Oct 1	To Balance	£	s	d	1934 Sept 30	By Interest	£	s	d
1933/34 Oct 1/ Sept 30	Drawings	1 500	-	-	30	Share of Profit ‡	180	-	-
					30	Balance c/d	35	-	-
					30		761	13	4
		£1 604	-	-			627	6	8
							£1 604	-	-
1934 Oct 1	To Balance b/d	627	6	8					

EXERCISE III—No 25

Dr.		A BUYER'S ACCOUNT						Cr	
1933		£	s	d	1933		£	s	d
Jan 1	To Balance	15	9	3	Jan 13	By Returns	5	-	-
" 10	Sales	40	-	-	Feb 5	Cash	48	14	3
June 23	"	36	-	-	May 5	Discount	1	15	-
Aug 17	"	45	-	-	Nov 30	Cash (Deposit)	100	-	-
27	"	59	-	-	30	Bad Debts	30	-	-
						Balance c/d	10	-	-
		£195	9	3			£195	9	3
1933					1934				
Nov 30	To Balance b/d	10	-	-	Feb 1	By Cash	10	5	6
Feb 1	Profit and Loss		5	6			£10	5	6
		£10	5	6					

EXERCISE III—No 26

Dr		G READER—CAPITAL ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Dec 31	To Balance c/d	3 000	-	-	Jan 1	By Balance	2 500	-	-
					July 1	Bank	500	-	-
		£3 000	-	-			£3 000	-	-
					1932				
					Jan 1	By Balance b/d	3 000	-	-

Dr		G READER—CURRENT ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Jan 1	To Drawings	320	-	-	Dec 31	By Interest	125	-	-
Dec 31	Balance c/d	194	3	4	31	Share of Profit	12	10	-
		£514	3	4			376	15	4
							£514	3	4
					1932				
					Jan 1	By Balance b/d	194	3	4

Dr		A STOREY—CAPITAL ACCOUNT						Cr	
1931		£	s	d	1931		£	s	d
Dec 31	To Balance	3 000	-	-	Jan 1	By Balance	2 400	-	-
					July 1	Bank	500	-	-
		£3 000	-	-			£3 000	-	-
					1934				
					Jan 1	By Balance b/d	3 000	-	-

EXERCISE III No 25 (contd)

Dr		A STOREY—CURRENT ACCOUNT				Cr			
1931		£	s	d	1931		£	s	d
Jan /	To Drawings	3	0		Dec 31	By Interest	12	10	
Dec					31		12	10	
Dec 31	Balance c/d		16	8	31	Share of Profit $\frac{1}{2}$	188	6	8
		£3	0				£32	16	8
					1932				
					Jan 1	By Balance b/d		3	16

EXERCISE III—No 27

NOMINAL LEDGER

Dr		TELEPHONE ACCOUNT (1939)				Cr			
1939		£	s	d	1939		£	s	d
Mar 31	To Qrs Rent	3	7	8	Dec 31	By Profit and Loss A/c	34	14	8
	Calls	6	7	10					
June 30	Qrs Rent	3	7	8					
	Cal s	3	3						
Sept 30	Qrs Rent	3	7	8					
	Calls	4	16						
Dec 31	Qrs Rent	3	7	8					
	Calls	4	17	2					
		£34	14	8			£34	14	8

EXERCISE III—No 28

- (a) Revaluation of stock is necessary to avoid carrying a wrong value of this asset to the Balance Sheet as stock in trade is subject to market fluctuations and it is prudent to adjust such stock to its present market value
- (b) This value would be debited to a new Stock Account

EXERCISE III—No 29

Dr		RENT AND RATES ACCOUNT				Cr	
1935		£	s	d	1935		£ s d
Feb 1	To Rates (prepaid) b f	30			Jan 31	By Rates (prepa d) c d	29 8 8
Apr 1	Rent	150			31	Profit and Loss A/c	
July 1		180					
Oct 1		180					
Dec 15	Rates	87					
31	Income Tax Sch A	150					
1936							
Jan 1	Rent (net)	30					
		£837	-				£837
1936							
Feb 1	To Rates (prepa d)	29					

EXERCISE III—No 30

- (a) Capital Expenditure (b) Revenue Expenditure (c) Revenue Expenditure (d) Capital Expenditure

EXERCISE IV- No 1.

Dr	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1937	Cr.
To Stock, 1st April, 1936	.	£
" Purchases	.	124,756
" Wages	.	10,626
" Balance, Gross Profit c/d	.	
		135,382
		70,100
		£205,482
By Credit Sales	.	.
" Cash Sales	.	.
" Stock at close 31st March, 1937		
		31,540
		£205,482
To Trade Expenses	.	.
Less Insurance prepaid	.	.
	15,206	.
	62	.
Discounts allowed	.	.
" Bad Debts Reserve (new)	.	.
Less Old Reserve	1,125	.
	1,070	.
Depreciation of Plant 10 per cent	.	.
Debiture Interest	.	.
" Balance, Net Profit	.	.
		55
		6,825
		2,100
		6,220
		£33,546

EXERCISE IV -No 1 (contd.)

BALANCE SHEET AS AT 31st MARCH 1937				
CAPITAL AND LIABILITIES		Assets		
Share Capital—		Buildings		£
Authorized and Issued		Plant and Machinery		68 250
Debitures		Less Depreciation		6 825
Creditors		Stock		
	200 000	Debtors		11 250
	50 000	Less Reserves for Bad Debts		1 125
	17 205	Insurance prepaid		
		Bank		
		Profit and Loss Balance brought forward		
		from Last Year		22 799
		Less Net Profit this year		6 220
				16 579
				£267 205
	£267 205			£267 205

EXERCISE IV—No 2.

STATEMENT OF NET EARNINGS

	1934	1935
	£	£
Cash Receipts	619	1,042
Add Fees owing	173	281
	<u>£792</u>	<u>£1,323</u>
Less Expenses	196	248
	<u>£596</u>	<u>£1,075</u>
It is assumed that the £173 Fees owing have been paid, which amount must be deducted from net earnings in the year 1935		173
		<u>£902</u>

EXERCISE IV--No. 3

STATEMENT OF PROFIT AND LOSS OF FROST AND SNOW FOR THE YEAR ENDED 31st DECEMBER 1937			
LIABILITIES			
	£	s.	d.
	11	1	11

LIABILITIES		ASSETS	
Sundry Creditors	£ 4,000	Cash at Bank	£ 3,213
Loan from Frost	125	Sundry Debtors	4,125
Add Interest accrued		Bills Receivable	14,110
Balance b/f final capital		Plant and Machinery	
		Add Depreciation	
			£ 21,448
Capital 1st January 1935	10,000		
Frost	4,000		
Snow			
Balance Net Profit--			
Frost	1,429	Capital 31st December 1935	14,110
Snow	16	Drawings--	
	953	Frost	1,243
	4	Snow	1,030
			£ 16,383
			£ 16,383

EXERCISE IV—No 3. (contd.)

STATEMENT OF AFFAIRS OF FROST AND SNOW AS AT 31ST DECEMBER, 1935

LIABILITIES AND CAPITAL							
Sundry Creditors Loan and Interest—Frost	Irost	Snow		3,213 4 125	Assets Cash at Bank Sundry Debtors Bills Receivable Stock in Trade Plant and Machinery .		
Capital 1st Jan. 1935	10 000	-	-				£ 1,399
Add Share of Profit	1 429	16	-				7,367
							1 000
	11,429	16	-				4,813
	1,243	-	-				6,869
Less Drawings							
	£10,186	16	-				
				14,110			
				£21,448			£21,448

STATEMENT OF PROFIT AND LOSS

31st DECEMBER 19

73

STATEMENT OF AFFAIRS

31st DECEMBER 19

[illegible]

✓ EXERCISE IV—No 5.

A's STATMENT OF PROFIT AND LOSS

Dr.

31st DECEMBER, 19

Cr

	£	s	d	£	s	d	£	s	d
Sundry Creditors							£		
Loan Capital	500	-	-	1 950	-	-		410	-
Final Capital, 31st Dec, b/d :	10 153	-	-					1 900	-
								8 360	-
								133	-
								1 800	-
							£	12 603	-
Capital 1st Jan	6 900	-	-					10 153	-
Interest Accrued	345	-	-					300	-
Balance Net Profit									-
							£	10 453	-
									-

EXERCISE IV—No 5 (contd.)

A's STATEMENT OF AFFAIRS

31st DECEMBER 19

[illegible]

EXERCISE IV—No. 6.

BALANCE SHEET AS AT 1ST JULY 1936

LIABILITIES		ASSETS	
Sundry Creditors	£ 250	Cash	£ 8
Capital	1,383	Cash at Bank	225
		Sundry Debtors	100
		Stock	400
		Plant and Machinery	900
	<u>£1 633</u>		<u>£1 633</u>
Dr		Cr	
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1937			

To Stock, 1st July	£	By Sales	£
" Purchases, credit	3,217	" Drawings Account	4,175
Less Returns	50	" Stock, 31st June	39
" Carriage Inwards			350
" Wages	3,167		
" Balance, Gross Profit	84		
	300		
	613		
	<u>£4,564</u>		<u>£4,564</u>
To Sundry Expenses	£	By Balance, Gross Profit b/d	£ 613
" Printing etc	125		
" Rent and Rates	56		
" Heating and Lighting	125		
" Balance, Net Profit	39		
	268		
	<u>£613</u>		<u>£613</u>

EXERCISE IV—No 6 (contd)

BALANCE SHEET AS AT 30TH JUNE 1937

LIABILITIES				ASSETS	
Sundry Creditors	£	£	£ 200	Cash in hand	£ 6
Capital Account—				Cash at Bank	250
Balance 1st July		1 383		Stock	350
Add Year's Profit		268		Sundry Debtors	150
		1 651		Plant and Machinery	900
Less Drawings	156				
Stock	39	195	1 456		
			£ 1 656		
					£ 1 656

EXERCISE IV—No 7.

W Robinson does not appear to have an efficient system of book-keeping

(1) Additional books required are—

(a) Purchases Book, and (b) General Ledger

(2) Posting to Ledgers must be twofold. The accounts of Debtors must be offset by an account for Sales (for aggregate of the separate postings to customers)

Credit transactions with Creditors need the "double entry" records and can be effected by the aid of the Purchases Book

(3) Discount, Cash, and Details columns are required in the Cash Book to adequately record items of Discount, or amounts transferred, etc

(4) Complete records of all impersonal items (real and nominal) should be kept in the Ledger recommended

(5) Annual Accounts ' can be prepared by the adoption of double entry book-keeping as against the single entry method, which is unsatisfactory for that purpose

EXERCISE IV—No 8

See *Advanced Accounts*, page 3 (under "Accounts")

EXERCISE IV—No 9.

A *Trading Account* deals with purchasing and manufacturing expenses

A *Profit and Loss Account* deals with selling, distribution and administration expenses

Trading Account Items

Sales
Purchases
Manufacturing Wages
Carriage
Stocks and Materials

Profit and Loss Account Items

Allowances
Debenture Interest
Salaries
Advertising

All relate to cost of manufacture, except Sales, which is the turnover of a business

All are expenses of selling, distribution, or administration

EXERCISE IV—No 10

JOURNAL
(FIRST METHOD)

		£	s	d	£	s	d
19 Dec 31	Profit and Loss Account To Bad Debts Transfer of balance	233	3	2	236	3	2
31	Provision for Bad and Doubtful Debts To Bad Debts Reserve 5% of £5 721 15 8 = £286 1/9 Less Old Reserve 267/14 11	18	6	10	18	6	10
31	Profit and Loss Account To Provision for Bad Debts etc Transfer of balance	18	6	10	18	6	10
		£272	16	10	£272	16	10

JOURNAL
(SECOND METHOD)

		£	s	d	£	s	d
19 Dec 31	Bad Debts Reserve Account To Bad Debts Transfer of balance	236	3	2	236	3	2
31	Bad Debts To Bad Debts Reserve Amount required to raise reserve from £31/11/9 to £286 1/9 (5% of £5 721/15/8)	234	10		234	10	-
31	Profit and Loss Account To Bad Debts Transfer of balance	234	10		234	10	-
		£745	3	2	£745	3	2

EXERCISE IV—No. 10 (contd.).

PROFIT AND LOSS ACCOUNT
(FIRST METHOD)
(Dr Side)

19		£	s	d
	To Bad Debts	236	3	2
	.. Provision for Bad and Doubtful Debts.	18	6	10
		£254	10	-

PROFIT AND LOSS ACCOUNT
(SECOND METHOD)
(Dr Side)

19..		£	s	d.
	To Bad Debts	254	10	-

BALANCE SHEET
ASSETS

	£	s	d	£	s	d
Sundry Debtors	5 721	15	8			
Less Bad Debts Reserve	286	1	9			
				5,435	13	11

EXERCISE IV—No. 11.

JOURNAL
(FIRST METHOD)

19 .		£	s	d	£	s	d.
Dec 31	Profit and Loss Account	164	8	10	164	8	10
	To Discounts Allowed						
	Transfer of balance						
" 31	Provision for Discount Reserve on Debtors	28	4	6	28	4	6
	To Discount Reserve on Debtors						
	5% of (£3,895/14/11 - £194/15/9) = £185/1/-						
	Less Old Reserve £156/16/6						
" 31	Profit and Loss Account	28	4	6	28	4	6
	To Provision for Discount Res on Drs						
	Transfer of balance						
		£220	17	10	£220	17	10

JOURNAL

(SECOND METHOD)

		£	s	d	£	s	d
19							
Dec 31	Discount Reserve on Debtors . . .	164	8	10			
	To Discounts Allowed . . .				164	8	10
	Transfer of balance						
„ 31	Discounts Allowed Account	192	13	4			
	To Discount Reserve on Debtors				192	13	4
	Amount required to raise reserve from debit of £7/12/4 to credit of £185/1/ (5% of £3 700/19/2 [$\frac{1}{2}$ £3 895/14/11 less Bad Debts Reserve of 5% i.e. £194/15/9])						
„ 31	Profit and Loss Account	192	13	4			
	To Discounts Allowed . . .				192	13	4
	Transfer of balance						
		£549	15	6	£549	15	6

PROFIT AND LOSS ACCOUNT

(FIRST METHOD)

(Dr Side)

		£	s	d	£	s	d
19							
	To Discounts Allowed . . .				164	8	10
	Reserve for Discount on Debtors	185	1	—			
	Less Old Reserve . . .	156	16	6			
					28	4	6
					£192	13	4

PROFIT AND LOSS ACCOUNT

(SECOND METHOD)

(Dr Side)

		£	s	d
19				
	To Discounts Allowed	192	13	4

BALANCE SHEET

ASSETS

		£	s	d	£	s	d
Sundry Debtors . . .		3 895	14	11			
Less Bad Debts Reserve . . .	£194 15 9						
Discount Reserve . . .	185 1						
		379	16	9			
					3 515	18	2

EXERCISE IV—No. 12

XYZ & CO

TRADING ACCOUNT FOR THE HALF-YEAR ENDED 31st DECEMBER, 19 .

	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>
To Stock, 1st July	2 741	-	-	16,123	-	-
" Purchases	8 403	-	-	330	-	-
" Carriage	394	-	-			
" Wages	1,404	-	-			
" Balance, Gross Profit c/d	6 126	-	-			
	<i>£</i> 19,068	-	-			
						<i>£</i> 19,068

PROFIT AND LOSS ACCOUNT FOR HALF YEAR ENDED 31ST DECEMBER 19

	£	s	d	£	s	d	£	s	d
To Discounts Allowed				938	-	-			
" Rent Rates and Taxes				106	-	-			
" Advertising				463	-	-			
" Traveller's Salary				431	-	-			
" Bad Debts				101	-	-			
" Repairs				84	-	-			
" General Expenses				502	-	-			
" Interest on Loans				124	-	-			
" Depreciation—									
Buildings	23	-	-						
Plant	155	-	-	178	-	-			
" Bal, Net Profit to Capital A/cs—									
C G (£ share)	2 268	2	6						
S G (£ share)	1 360	17	6						
				3 629	-	-			
				178	-	-			
				6 556	-	-			

EXERCISE IV—No 12 (cont'd)

X Y Z & CO

BALANCE SHEET AS AT 31st DECEMBER 19 .

[illegible]

EXERCISE IV—No. 13.

STATEMENT SHOWING NET SALES FOR THE YEAR

	£	s.	d.
Sundry Debtors, 1st January	1,537	5	10
Add Cash and Credit Sales	5,731	6	3
	7,268	12	1
Balance (incl. £37 10s bad debts)	1,770	6	6
	<u>£5,498</u>	<u>5</u>	<u>7</u>

EXERCISE IV—No. 14.

TRIAL BALANCE

	£	s.	d.	£	s.	d.
(a) Sales (undercast)				10	—	—
(b) Discount allowed (unposted)		15	3			
(c) Discount allowed (posted to wrong side of account)	14	9	6			
(d) Customers Account (posted 10s short)		10	—			
(e) Credit balance on Customers Account (overlooked)				2	5	—
	15	14	9	12	5	—
DIFFERENCE IN BOOKS				3	9	9
	<u>£15</u>	<u>14</u>	<u>9</u>	<u>£15</u>	<u>14</u>	<u>9</u>



EXERCISE IV—No 15

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1935 Cr

To Stock, 1st January 1935	£	£	By Sales net	£	10,000
" Purchases	5,284	1,824	" Stock 31st December, 1935	1,909	1,909
" Less Returns	171				
" Carnage Inwards		5 113			
" Manufacturing Wages		250			
" Balance Gross Profit c/d		2,122			
		2,600			
		£11 909			£11,909
To Office Salaries etc		484	By Balance Gross Profit b/d		2,600
Rent Rates and Insurance	463		Discount on Purchases		76
Less Prepaid	40		Commissions Received		50
Legal and Audit Fees		33			
Add Audit Fees owing		25			
" Advertising (incl £20 owing)		58			
" Discounts allowed		276			
" Travellers Salaries and Commission		150			
" Partnership Salaries		470			
" Bad Debts Reserve (amount of increase)		300			
" Interest on Capital (M Baines P Benson)	75	55			
" Depreciation of (Plant and Machinery 10% Fixtures etc 5%)	150	225			
" Balance Net Profit—	100	110			
Capital Accounts (M Baines P Benson)	10	175			
	70				
	105	£2 726			£2 726

EXERCISE IV—No 15 (contd.)

BALANCE SHEET OF BAINE'S AND BENSON AS AT 31ST DECEMBER 1935

LIABILITIES AND CAPITAL		£	£	ASSETS		£
Sundry Creditors	.			Cash at Bank	.	
Advertising owing	.		20	Sundry Debtors	.	1,800
Audit Fees owing	.		25	Less Reserve for Bad Debts	.	90

EXERCISE V—No 1

Dr				LEASE ACCOUNT				Cr			
Year 1	To Cash	£	440	s	d	Year 1	By Depreciat on Balance c/d	£	110	s	d
									330		
Year 2	To Balance b/d	£	440			Year 2	By Depreciat on Balance c/d	£	440		
			330						110		
Year 3	To Balance b/d	£	330			Year 3	By Depreciat on Balance c/d	£	330		
			220						10		
Year 4	To Balance b/d	£	220			Year 4	By Depreciat on	£	20		
			£110						110		
									£110		

EXERCISE V—No 2

Dr				MACHINERY ACCOUNT				Cr			
Year 1	To Cash	£	3 000	s	d	Year 1	By Depreciat on Balance c/d	£	750	s	d
									2 250		
Year 2	To Balance b/d	£	3 000			Year 2	By Depreciat on Balance c/d	£	3 000		
			2 250						56 ²	10	
Year 3	To Balance b/d	£	2 250			Year 3	By Depreciat on Balance c/d	£	1 687	10	
			1 687	10					2 250		
Year 4	To Balance b/d	£	1 687	10		Year 4	By Depreciat on Balance c/d	£	421	17	6
			1 263	12	6				1 263	12	6
Year 5	To Balance b/d	£	1 263	12	6	Year 5	By Depreciat on Balance c/d	£	1 687	10	
			949	4	5				316	8	1
Year 6	To Balance b/d	£	949	4	5	Year 6	By Depreciat on Balance c/d	£	949	4	5
			711	18	4				1 265	12	6
Year 7	To Balance b/d	£	711	18	4				237	6	1
			534						711	18	4
									£949	4	5
									177	18	4
									534		
									£711	18	4

Rate of Depreciation — 25 per cent off DIMINISHING VALUE

EXERCISE V No 3

MACHINERY ACCOUNT

<i>Dr</i>				<i>Cr.</i>			
(FIRST METHOD)							
Year 1	To Cash . . .	£ 3,000	s - d -	Year 1	By Depreciation (10% of £3 000)	£ 300	s - d -
					„ Balance c/d . .	2,700	- - -
		£3 000	- - -			£3 000	- - -
Year 2	To Balance b/d	2,700	- - -	Year 2	By Depreciation (10% of £2,700)	270	- - -
	„ Cash (June)	250	- - -		„ Balance c/d	2,680	- - -
		£2 950	- - -			£2,950	- - -
Year 3	To Balance b/d . .	2,680	- - -	Year 3	By Depreciation (10% of £2 680)	268	- - -
	„ Cash (March)	320	- - -		„ Balance c/d	2 732	- - -
		£3,000	- - -			£3,000	- - -
	To Balance b/d	2 732	- - -				

(SECOND METHOD)

Year 1	To Cash	£ 3 000	s - d -	Year 1	By Depreciation (10% of £3 000)	£ 300	s - d -
					„ Balance c/d	2,700	- - -
		£3 000	- - -			£3 000	- - -
Year 2	To Balance b/d	2 700	- - -	Year 2	By Depreciation (10% of £2 950)	295	- - -
	„ Cash (June)	250	- - -		„ Balance c/d	2,655	- - -
		£2 950	- - -			£2 950	- - -
Year 3	To Balance b/d . .	2,655	- - -	Year 3	By Depreciation (10% of £2,975)	297 10	- - -
	„ Cash (March)	320	- - -		„ Balance c/d . .	2,677 10	- - -
		£2 975	- - -			£2 975	- - -
	To Balance b/d	2 677 10	- - -				

EXERCISE V—No 3 (contd)

MACHINERY ACCOUNT
(THIRD METHOD)

Dr				Cr			
Year 1	To Cash	£	s d	Year 1	By Depreciation (10% of £3 000) Balance c/d	£	s d
		3 000				300	
						2 700	
Year 2	To Balance b/d Cash (June)	£	s d	Year 2	By Depreciation 10% of £2 700 £270 5% of £250 £12½	£	s d
		270				289	10
		250				2 667	10
						£2 950	
Year 3	To Balance b/d Cash (March)	£	s d	Year 3	By Depreciation— 10% of £2 667½ 7½% of £300	£	s d
		2 667	10			266	15
		320				24	15
						2 696	15
		£2 987	10			£2 987	10
	To Balance b/d	£	s d				
		2 696	15				

EXERCISE V—No 4

LEASE ACCOUNT

Dr				Cr			
Year 1	To Cash Interest	£	s d	Year 1	By Depreciation Balance c/d	£	s d
		2 000				345	12 9
		100				1 754	7 3
		£2 100				£2 100	
Year 2	To Balance b/d Interest	£	s d	Year 2	By Depreciation Balance c/d	£	s d
		1 754	7 3			345	12 9
		87	14 5			1 496	8 11
		£1 842	1 8			£1 842	1 8
Year 3	To Balance b/d Interest	£	s d	Year 3	By Depreciation Balance c/d	£	s d
		1 496	8 11			345	12 9
		74	16 0			1 225	12 7
		£1 571	5 4			£1 571	5 4
Year 4	To Balance b/d Interest	£	s d	Year 4	By Depreciation Balance c/d	£	s d
		1 225	12 7			345	12 9
		61	5 7			941	5 5
		£1 286	18 0			£1 286	18 2
Year 5	To Balance b/d Interest	£	s d	Year 5	By Depreciation Balance c/d	£	s d
		941	5 5			345	12 9
		47	1 3			642	13 11
		£988	6 8			£988	6 8
Year 6	To Balance b/d Interest	£	s d	Year 6	By Depreciation Balance c/d	£	s d
		642	13 11			345	12 9
		32	2 7			379	3 9
		£674	16 6			£674	16 6
Year 7	To Balance b/d Interest	£	s d	Year 7	By Depreciation (Adjustment of 4d)	£	s d
		379	3 9			345	13 1
		16	8 4				
		£345	13 1			£345	13 1

EXERCISE V- No 5

Dr		LEASE ACCOUNT		Cr	
Year 1 Jan 1	To Cash	£ 2 000	s 0	Year 1 Dec. 31	By Depreciation Fund A/c
					£ 2 000
					s 0
					d 0

Dr		DEPRECIATION FUND ACCOUNT		Cr	
Year 1 Dec. 31	To Balance c/d	£ 245	s 12	Year 1 Dec. 31	By Profit and Loss
					£ 245
					s 12
					d 9
Year 2 Dec. 31	To Balance c/d	503	11	Year 2 Jan. 1	By Balance b/d
				Dec. 31	• Cash (Interest)
					• Profit and Loss
					£ 245
					s 11
					d 2
Year 3 Dec. 31	To Balance c/d	774	7	Year 3 Jan. 1	By Balance b/d
				Dec. 31	• Cash (Interest)
					• Profit and Loss
					£ 503
					s 7
					d 6
Year 4 Dec. 31	To Balance c/d	1 038	14	Year 4 Jan. 1	By Balance b/d
				Dec. 31	• Cash (Interest)
					• Profit and Loss
					£ 774
					s 6
					d 9
Year 5 Dec. 31	To Balance c/d	1 357	6	Year 5 Jan. 1	By Balance b/d
				Dec. 31	• Cash (Interest)
					• Profit and Loss
					£ 1 038
					s 8
					d 9
Year 6 Dec. 31	To Balance c/d	1 670	16	Year 6 Jan. 1	By Balance b/d
				Dec. 31	• Cash (Interest)
					• Profit and Loss
					£ 1 357
					s 2
					d 9
Year 7 Dec. 31	To Balance (Amount to transfer to LEASE A/c)	2 000	-	Year 7 Jan. 1	By Balance b/d
				Dec. 31	• Cash (Interest)
					• Profit and Loss
					(Adjustment of 2d)
					£ 1 670
					s 3
					d 11
					£ 2 000
					-
					-

EXERCISE V—No 5 (contd)

DEPRECIATION FUND INVESTMENT ACCOUNT

INVESTMENT ACCOUNT										Cr
		£	s	d			£	s	d	
Year 1 Dec 31	To Cash	245	12	9	Year 1 Dec 31	By Balance c/d	245	12	9	
Year 2 Jan 1	To Balance b/d	245	12	9	Year 2 Dec 31	By Balance c/d	503	11	2	
	Cash (Instalment and Interest)	257	18	5						
		£503	11	2			£503	11	2	
Year 3 Jan 1	To Balance b/d	503	11	2	Year 3 Dec 31	By Balance c/d	774	7	6	
	Cash	270	16	4			£774	7	6	
		£774	7	6						
Year 4 Jan 1	To Balance b/d	774	7	6	Year 4 Dec 31	By Balance c/d	1058	14	8	
	Cash	284	7	6			£1058	14	8	
		£1058	14	8						
Year 5 Jan 1	To Balance b/d	1058	14	8	Year 5 Dec 31	By Balance c/d	1357	6	2	
	Cash	298	11	6			£1357	6	2	
		£1357	6	2						
Year 6 Jan 1	To Balance b/d	1357	6	2	Year 6 Dec 31	By Balance c/d	1670	16	3	
	Cash	313	6	2			£1670	16	3	
		£1670	16	3						
Year 7 Jan 1	To Balance b/d	1670	16	3	Year 7 Dec 31	By Cash	2000			
	Cash	379	3	9		(Proceeds of realization of investments)				
		£2000					£2000			

CASH ACCOUNT

Dr				CASH ACCOUNT				Cr			
				Bank							
				£	s	d					
				12	0	8					
Year 2	To Depreciation Fund A/c (Interest on FIRST year's investment)						Year 1	By Depreciation Fund Investment A/c	£	s	d
							Year 2	Depreciation Fund Investment A/c (Investment of CASH equal to SECOND year's in- stalment PLUS in- terest on FIRST year's instalment)	45	17	9
									257	18	5

And similar entries for later years

And similar entries for later years

- EXERCISE V—Nos. {
6. The correct procedure is explained on pages 140 and 141 of *Advanced Accounts*
 7. The answer to this question is in Answers at end of *Advanced Accounts*
 8. The answer to this question is in Answers at end of *Advanced Accounts*.

EXERCISE V—No. 9

Dr REPAIRS AND RENEWALS RESERVE ACCOUNT Cr.

Year	Dr	£	s	d	Year	Cr	£	s	d
Year 1	To Balance c/d . . .	200	-	-	Year 1	By Profit and Loss . . .	200	-	-
Year 2	To Repairs A/c . . .	139	17	9	Year 2	By Balance b/d . . .	200	-	-
	Balance c/d . . .	40	2	3			200	-	-
		£200	-	-			£200	-	-
Year 3	To Repairs . . .	125	14	6	Year 3	By Balance b/d . . .	40	2	3
	Balance c/d . . .	114	7	9		Profit and Loss . . .	200	-	-
		£240	2	3			£240	2	3
Year 4	To Repairs . . .	269	15	3	Year 4	By Balance b/d . . .	114	7	9
	Balance c/d . . .	44	12	6		Profit and Loss . . .	200	-	-
		£314	7	9			£314	7	9
Year 5	To Repairs . . .	225	16	11	Year 5	By Balance b/d . . .	44	12	6
	Balance c/d . . .	18	15	7		Profit and Loss . . .	200	-	-
		£244	12	6			£244	12	6
					Year 6	By Balance b/d . . .	18	15	7

Dr

REPAIRS ACCOUNT

Cr

Year	Dr	£	s	d	Year	Cr	£	s	d
Year 2	To Cash . . .	139	17	9	Year 2	By Reps. & Renewls. Res.	139	17	9
Year 3	To Cash . . .	£125	14	6	Year 3	By Reps. & Renewls. Res.	£125	14	6
Year 4	To Cash . . .	£269	15	3	Year 4	By Reps. & Renewls. Res.	£269	15	3
Year 5	To Cash . . .	£225	16	11	Year 5	By Reps. & Renewls. Res.	£225	16	11

EXERCISE V—No 9 (contd)

JOURNAL ENTRIES

Year		£	s	d	£	s	d
1	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
" 2	Repairs and Renewals Reserve A/c To Repairs	159	17	9	159	17	9
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
" 3	Repairs and Renewals Reserve A/c To Repairs	125	14	6	125	14	6
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
" 4	Repairs and Renewals Reserve A/c To Repairs	269	15	3	269	15	3
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
" 5	Repairs and Renewals Reserve A/c To Repairs	225	16	11	225	16	11
	Profit and Loss A/c To Repairs and Renewals Res A/c	200	—	—	200	—	—
		£1 781	4	5	£1 781	4	5

BALANCE SHEET (AT END OF YEAR)

		LIABILITIES			£	s	d
Year		Repairs and Renewals Reserve Account	.	.	200	—	—
" 2		Repairs and Renewals Reserve Account	.	.	£40	2	3
" 3		Repairs and Renewals Reserve Account	.	.	£114	7	9
" 4		Repairs and Renewals Reserve Account	.	.	£44	12	6
" 5		Repairs and Renewals Reserve Account	.	.	£18	15	7

EXERCISE V -No. 10

The principal reason for Compound Interest being taken into consideration is on account of the expense of upkeep in the earlier years, being small in comparison with the charges for dilapidations that arise during later years.

EXERCISE V--No 11

Dr		SINKING FUND ACCOUNT				Cr					
Year 1	To Balance c/d	£ 188 400	£ 188	s 8	d -	Year 1	By Profit & Loss	£ 188 400	£ 188	s 8	d -
Year 2	To Balance c/d	382 452	382	9	-	Year 2	By Balance b/d	188 400	188	8	-
							Interest	5 652	5	13	-
							Profit & Loss	188 400	188	8	-
		£ 382 452	382	9	-			£ 382 452	£ 382	9	-
Year 3	To Balance c/d	582 326	582	6	6	Year 3	By Balance b/d	382 452	382	9	-
							Interest	11 474	11	9	6
							Profit & Loss	188 400	188	8	-
		£ 582 326	£ 582	6	6			£ 582 326	£ 582	6	6
Year 4	To Balance c/d	788 196	788	3	11	Year 4	By Balance b/d	582 326	582	6	6
							Interest	17 470	17	9	5
							Profit & Loss	188 400	188	8	-
		£ 788 196	788	3	11			£ 788 196	£ 788	3	11
Year 5	To Amount transferred to Lease A/c	1 000 000	1 000	-	-	Year 5	By Balance b/d	788 196	788	3	11
							Interest	23 648	23	12	11
							Profit & Loss	188 198	188	3	2
		£ 1 000 000	£ 1 000	-	-			£ 1 000 000	£ 1 000	-	-

Dr		SINKING FUND INVESTMENT ACCOUNT						Cr			
Year 1	To Cash	£ 188 400	£ 188	s 8	d -	Year 1	By Balance c/d	£ 188 400	£ 188	s 8	d -
Year 2	To Balance b/d	188 400	188	8	-	Year 2	" Balance c/d	382 452	382	9	-
	Cash (π)	194 052	194	1	-						
		£ 382 452	£ 382	9	-			£ 382 452	£ 382	9	-
Year 3	To Balance b/d	382 452	382	9	-	Year 3	By Balance c/d	582 326	582	6	6
	Cash	190 874	190	17	6						
		£ 582 326	£ 582	6	6			£ 582 326	£ 582	6	6
Year 4	To Balance b/d	582 326	582	6	6	Year 4	By Balance c/d	788 196	788	3	11
	Cash	205 870	205	17	5						
		£ 788 196	£ 788	3	11			£ 788 196	£ 788	3	11
Year 5	To Balance b/d	788 196	788	3	11	Year 5	By Cash	1 000 000	1,000	-	-
	Cash	211 894	211	16	1		(Proceeds of realization of investments)				
		£ 1 000 000	£ 1 000	-	-			£ 1 000 000	£ 1 000	-	-

(a) The sum includes Interest on FIRST year's investment

Note—The question requests that the "Accounts" be raised for 3 years. It has been thought an advantage to teachers to show the complete workings, with the alternative workings in parallel columns

EXERCISE V—No 11 (contd.)

Dr		INTEREST ACCOUNT						Cr		
		£	s	d			£	s	d	
Year 2	To Sinking Fund A/c	£	5	13		Year 2	By Cash	£	5	13
Year 3	To Sinking Fund A/c	£11	9	6		Year 3	By Cash	£11	9	6
Year 4	To Sinking Fund A/c	£17	9	5		Year 4	By Cash	£17	9	5
Year 5	To Sinking Fund A/c	£23	1	11		Year 5	By Cash	£23	12	11

EXERCISE V—No 12

See Indian *ed* Accounts pages 152 and 153 (under Secret Reserves)

EXERCISE V No 13

Dr		OLD PLANT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
	To Balance	5	400			By Depreciat on Fund A/c	1	050	
						A B & Co		550	
						Cash		1	200
						Profit and Loss		2	600
		£5	400				£5	400	

Dr		NEW PLANT ACCOUNT				Cr	
19	To A B & Co	£	s	d			
		8	8	50			

Dr		A B & CO			Cr				
19	To Old Plant Balance c/d	£	s	d	19	By New Plant	£	s	d
		550					8850		
		8300							
		8850					8850		
						By Bs since b/d	8300		

Dr		DEPRECIATION FUND ACCOUNT				Cr			
19	To Old Plant A/c	£	1	050	19	By Balance	£	1	050

Dr		PROFIT AND LOSS ACCOUNT				Cr	
19	To Old Plant	£	2	600	d		

EXERCISE V—No. 14.

See *Advanced Accounts*, pages 140 and 141 (under "Insurance Policy System")

EXERCISE V—No. 15

PLANT ACCOUNT

(Depreciation at 5% on original cost)

Dr				Cr.				
		£	s.	d.		£	s.	d.
1930					1930			
Jan. 1	To Purchases	2,000	-	-	Dec. 31	By Depreciation	100	-
					" 31	" Balance c/d	1,900	-
		2,000	-	-			2,000	-
1931					1931			
Jan. 1	To Balance b/d	1,900	-	-	Dec. 31	By Sales	100	-
July 1	" Purchases	400	-	-	" 31	" Loss on Sales	113	-
					" 31	" Depreciation—		
						£2,000 for 12 mos.	100	-
						£400 for 6 mos.	10	-
					" 31	" Balance c/d	1,920	-
		2,300	-	-			2,300	-
1932					1932			
Jan. 1	To Balance b/d	1,920	-	-	Dec. 31	By Depreciation—		
Apr. 1	" Purchases	280	-	-		£100 for 12 mos.	105	-
					" 31	£280 for 9 mos.	10	10
						" Balance c/d	2,084	10
		2,200	-	-			2,200	-
1933					1933			
Jan. 1	To Balance b/d	2,084	10	-	Oct. 1	By Sales	70	-
					Dec. 31	" Loss on Sales	30	10
					" 31	" Depreciation—		
						£2,260 for 12 mos.	113	-
						£120 for 9 mos.	4	10
					" 31	" Balance c/d	1,997	10
		2,084	10	-			2,084	10
1934					1934			
Jan. 1	To Balance b/d	1,997	10	-	Dec. 31	By Depreciation—		
					" 31	£2,260 for 12 mos.	113	-
						" Balance c/d	1,747	10
		1,997	10	-			1,860	10
1935								
Jan. 1	To Balance b/d	1,747	10	-				

EXERCISE V No 15 (contd)

PLANT ACCOUNT

Dr (D depreciat on at 7½% on diminishing value) Cr

1930		£	s d	1930		£	s d
Jan 1	To Purchases	2 000		Dec 31	By Depreciat on 7½% of £2 000	150	
				31	Balance c/d	1 850	
		£2 000				£2 000	
1931				1931			
Jan 1	To Balance b/d	1 850		Dec 31	By Sales	160	
Jul 1	Purchases	400		3	Loss on Sales	96	13 10
				31	Depreciat on—		
					£1 850 for 12 mos	138	15
					£400 for 6 mos	15	
				31	Balance c/d	1 839	11 2
		£2 250				£2 250	
1932				1932			
Jan 1	To Balance b/d	1 839	11 2	Dec 31	By Depreciat on—		
Apr 1	Purchases	280			£1 839/12 for 12 m	137	19 4
				31	£280 for 9 mos	15	15
					Balance c/d	1 985	16 10
		£2 119	11 2			£2 119	11 2
1933				1933			
Jan 1	To Balance b/d	1 965	16 10	Oct 1	By Sale	70	
				Dec 31	Loss on Sale	30	16 6
					Depreciat on—		
					£1 965/16 10 for 9 m	110	11 6
				31	£1 850 0/4 for 3 mos	34	19 4
					Balance c/d	1 719	9 6
		£1 965	16 10			£1 965	16 10
1934				1934			
Jan 1	To Balance b/d	1 719	9 6	Dec 31	By Depreciat on—		
				31	£1 719 9/6 for 12 m	128	19 2
					Balance c/d	1 590	10 4
		£1 719	9 6			£1 719	9 6
1935							
Jan 1	To Balance b/d	1 590	10 4				

EXERCISE V—No 16

See *Advanced Accounts* pages 125 (under 'Fixed Instalment Method'), 131 (under 'Annuity System'), 133 (under 'Depreciation Fund Principle'), and 140 (under 'Insurance Policy System')

EXERCISE V—No 17

See *Advanced Accounts* page 140 (under 'Insurance Policy System') and onwards

EXERCISE V—No 18

Dr DEBENTURE RESERVE FUND ACCOUNT Cr

19 June 30		£	s	d	19 June 30		£	s	d
	To Capital Reserve A/c	50 000	-	-		By Balance	50 000	-	-

Dr DEBENTURES REDEEMED ACCOUNT Cr

19 June 30		£	s	d	19 June 30		£	s	d
	To Cash	50 000	-	-		By Debentures	50 000	-	-

Dr DEBENTURES ACCOUNT Cr

19 June 30		£	s	d	19 June 30		£	s	d
	To Debentures Redeemed Account	50 000	-	-		By Debenture Holders	50 000	-	-

INVESTMENTS ACCOUNT

Dr (2½% Consols) Cr

19 June 30		£	s	d	19 June 30		£	s	d
	To Balance	59 000	-	-		By Cash	48 970	-	-
					" 30	" Profit and Loss	10 030	-	-
		59 000	-	-			59 000	-	-

mis done by
transferring
to P & L

EXERCISE V—No. 19 (contd)

Dr. INVESTMENT REDEMPTION FUND ACCOUNT Cr.

				19 .	By Appropriation A/c	£	s	d
						250	-	-

APPROPRIATION ACCOUNT
(DEBIT SIDE)CASH BOOK
(CREDIT SIDE)

Bank

19	To Investment Redemp- tion Fund A/c	£	s	d	19	By Investment A/c (For insurance pre- mium paid)	£	s	d
		250	-	-			250	-	-

EXERCISE V—No. 20

See *Advanced Accounts*, page 151 (under 'Marine Insurance Fund').

EXERCISE V—No. 21

See *Advanced Accounts* page 150

EXERCISE V—No. 22.

See Answers at end of *Advanced Accounts*

EXERCISE V—No. 23

See *Advanced Accounts* pages 124 to 131 (inclusive)

- EXERCISE V—Nos
- 24 See Answers at end of *Advanced Accounts*
 - 25 The definitions are given and differentiated on page 150 onwards of *Advanced Accounts*
 - 26 See *Advanced Accounts*, pages 124 to 131 (inclusive) and 150 and 151
 - 27 See Answers at end of *Advanced Accounts*
 - 28 (a) See *Advanced Accounts* page 127 (under "Diminishing Balance Method")
 - (b) See *Advanced Accounts*, pages 131 to 133 (at foot of page, under Annuity Method")

EXERCISE V—No. 29

JOURNAL

19..	Appropriation Account	.	.	Dr.	£	s	d	£	s	d
	To Reserve Fund	.	.	.	1,275	-	-	1,275	-	-
					£1,275	-	-	£1,275	-	-

EXERCISE V—No 29 (contd)

INVESTMENTS ACCOUNT

Dr

(£1 500 @ 85)

Cr

19	To Cash	£	s	d					
		1	275						

RESERVE FUND ACCOUNT

Dr

Cr

					19	By Appropriation A/c	£	s	d
							1	275	

CASH ACCOUNT

Dr

Cr

		Bank				Bank			
19	To Balance	£	s	d	19	By Investments (£1 500 @ 85) Balance c/d	£	s	d
		6	000				1	275	-
							4	725	-
		£6	000				£6	000	-
	To Balance b/d	4	725						

APPROPRIATION ACCOUNT

Dr

Cr

19	To Reserve Fund " Bal. to Balance Sheet	£	s	d	19	By Balance	£	s	d
		1	275				2	500	
		1	275						
		£2	500				£2	500	-

EXERCISE VI—No 1 (contd)

JOURNAL ENTRIES

		£	s	d	£	s	d
(1)	Bills Receivable To R Red	30			30		
(2)	Francis & Co To Bills Payable	200			200		
(3)	Blue & Co To Bills Payable	95			95		
(4)	Purchases Account To Sharp & Co	150			150		
	Sharp & Co To Bills Payable Discount	150			142 7	10 10	
(5)	Ridler & Son To Bills Payable	90			90		
(6)	Bills Receivable To S Straker ✓	120			120		
(8)	Bills Receivable To M Monk	120			120		
(9)	Bills Receivable Discount To Green & Co	190 10			200		
(11)	Bills Receivable To J Rowell	420			420		
	M Goodman To Bills Receivable	420			420		
(13)	B Blunt To Sales	120			120		
	Bills Receivable Discount To B Blunt	117 3			120		
(14)	York & Sons To Sales	150			150		
	Bills Payable To York & Sons	150			150		
(18)	Dark & Co To Bills Payable " Discount	300			285 15		
		£2835			£2835		

EXERCISE VI—No 1 (19)

(a) An example of a bill of exchange which is a "negotiable instrument" is as shown on page 159 of *Advanced Accounts*. The accounts necessary to adequately record the transactions it involves are detailed below

		(1) In J Rowell's Books		LEDGER	
19.		JOURNAL		Accounts will be raised for—	
Jan	17	Bills Receivable	Dr £250	Bills Receivable.	
		To M Goodman	Cr £250	M Goodman	
"	17	M Bressloff	Dr £250	M Bressloff	
		To Bills Receivable	Cr £250		
		(2) In M Goodman's Books		LEDGER	
19.		JOURNAL		Accounts will be raised for—	
Jan	17	J Rowell	Dr £250	Bills Payable:	
		To Bills Payable	Cr £250	J Rowell	
		(3) In M Bressloff's Books		LEDGER	
19.		JOURNAL		Accounts will be raised for—	
Jan	17	Bills Receivable	Dr £250	Bills Receivable:	
		To J Rowell	Cr £250	J Rowell	

(b) In the Drawer's Ledger

Dr		BILLS RECEIVABLE ACCOUNT				Cr		
		£	s	d	By K	£	s	d
						100	-	-
Dr		B				Cr		
		£	s	d		£	s	d
	To K " K (for Noting Charges)	100	-	-				
			7	6				
Dr		K				Cr		
		£	s	d	By B " B (for Noting Charges)	£	s	d
	To Bills Receivable	100	-	-		100	-	-
							7	6

In K's Ledger

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
	To Drawer	£	s	d		By Drawer	£	s	d
		100	-	-			100	-	-

EXERCISE VI—No 1 (19) (contd.)

Dr		DRAWER'S ACCOUNT						Cr		
	To Bills Receivable	£	s	d			By Bills Receivable	£	s	d
	Noting Charges	100	7	6				100	-	

Dr		NOTING CHARGES ACCOUNT						Cr		
		£	s	d			By Drawer	£	s	d
									7	6

(c) B's JOURNAL

		£	s	d		£	s	d
(1)	The bill still in the hands of the drawer							
	F				Dr	100	-	
	To Bills Receivable				Cr		100	-
	Cancellation of bill							
(2)	The bill has been previously endorsed over to a creditor							
	F				Dr	100	-	-
	To A Creditor				Cr		100	-
	For dishonour of F's acceptance							

B's CASH BOOK (CREDIT SIDE)

		£	s	d		£	s	d
(3)	The bill has since been discounted with the banker							
	By F (Dishonoured Bill)	100	-					

EXERCISE VI—No 2

JOURNAL ENTRIES

		£	s	d		£	s	d
(1)	Blue & Black	200	-	-		200	-	-
	To Bills Receivable							
	Bills Receivable	202	13	-		202	13	-
	To Blue & Black							
	Blue & Black	2	13	-		2	10	-
	To Interest							
	For charge of Interest of 5% on £200 for 3 months							
	To Bill Stamp						3	-

EXERCISE VI—No. 2 (contd.)

JOURNAL ENTRIES (contd.)

		£	s	d	£	s	d
(3)	Wilson & Jones	420	-	-	420	-	-
	To Bills Receivable						
	Bills Receivable	301	9	-	301	9	-
	To Wilson & Jones						
	Wilson & Jones	1	9	-	1	5	-
	To Interest						
	For charge of Interest of 5% on £300 for 1 month To Bill Stamp					4	-
(4)	L. Lamb	460	5	6	460	5	6
	To Charles & Son						
(5)	Bills Payable	630	-	-	630	-	-
	To Brockwell & Haigh						
	Brockwell & Haigh	402	18	4	402	18	4
	To Bills Payable						
	Bill Stamp		5	-			
	Interest	2	13	4			
	(4% of £400 for 2 months) To Brockwell & Haigh				2	18	4
(6)	Bills Payable	300	-	-	300	-	-
	To Locke & Co						
	Locke & Co	303	14	-	303	14	-
	To Bills Payable						
	Bill Stamp		4	-			
	Interest	3	10	-			
	(For charge of Interest of 3½% on £300 for 4 months) To Locke & Co				3	14	-
(7)	Bills Payable	345	-	-			
	Noting Charges		10	8	345	10	8
	To Dawson Bros						
(9)	Bills Receivable	1,083	-	9	1,083	-	9
	To Frame & Co						
	Frame & Co	26	18	6	26	7	6
	To Interest						
	(For charge of Interest of 6% on £1,055 for 5 months) To Bill Stamp					11	-
		£ 4 687	4	1	4 687	4	1

EXERCISE VI—No 2 (contd)

CASH BOOK

(Debit side)

Bank

		£	s	d
(3)	To Wilson & Jones	120		—
(3)	Bills Receivable	901	9	
(9)		1 083	—	9

CASH BOOK

(Credit side)

Bank

		£	s	d
(2)	By G. Culliver (dishonoured bill etc)	450	5	
(4)	Charles & Son	460	5	6
(5)	Brockwell & Haigh	230	—	
(7)	Dawson Bros	345	10	8
(8)	Needham & Co (dishonoured bill etc)	425	7	6
(9)	Frame & Co (dishonoured bill etc)	1 056	2	3

EXERCISE VI—No 3 (a)

S SILVERMAN'S LEDGER

Dr

G. GOLDSTEIN

Cr

		£	s	d			£	s	d
19 Jan 1	To Bills Payable	125			19 Apr 4	By Cash	125		

Dr

BILLS PAYABLE ACCOUNT

Cr

		£	s	d			£	s	d
19 Apr 4	To Cash	125			19 Jan 1	By G. Goldstein	125		

Dr

BANK ACCOUNT

Cr

		£	s	d			£	s	d
19 Apr 4	To G. Goldstein	125			19 Apr 4	By Bills Payable	125		

G. GOLDSTEIN'S LEDGER

Dr

S SILVERMAN

Cr

		£	s	d			£	s	d
19 Apr 4	To Cash	125			19 Jan 1	By Bills Receivable	125		

EXERCISE VI—No 3 (b) (contd)

I INGRAM'S LEDGER

<i>Dr</i>		P PATERSON			<i>Cr</i>				
19 Mar 1	To B lls Payable	£ 135	s	d	19 Mar 1	By B lls Rece vable	£ 135	s	d

<i>Dr</i>		BILLS RECEIVABLE ACCOUNT			<i>Cr</i>				
19 Mar 1	To P Paterson	£ 135	s	d	19 Mar 1	By Bank	£ 135	s	d

<i>Dr</i>		BILLS PAYABLE ACCOUNT			<i>Cr</i>				
19 June 4	To Cash	£ 135	s	d	19 Mar 1	By P Paterson	£ 135	s	d

<i>Dr</i>		BANKERS DISCOUNT ACCOUNT			<i>Cr</i>				
19 Ma 1	To Bank	£ 1	s 7	d -					

<i>Dr</i>		CASH BOOK (BANK ACCOUNT)			<i>Cr</i>				
19 Mar 1	To B lls Rece vable	£ 135	s	d	19 Mar 1 June 4	By Bankers D scout B lls Payable	£ 1 135	s 7	d -

EXERCISE VI No 3 (c)

H HOOKER'S LEDGER

Dr		E EVANS			Cr				
19 Feb 1	To B l s Payab e	£ 115	s	d	19 Feb 1 May 4	By Cash D scout Cash	£ 56 57	s 19 10	d 3 9
		£115					£115		

Dr		BILLS PAYABLE ACCOUNT			Cr				
19 May 4	To Cash	£ 115	s	d	19 Feb 1	By E Evans	£ 115	s	d

Dr		DISCOUNT ACCOUNT			Cr				
19 Feb 1	To E Evans	£	s 10	d 9					

EXERCISE VI—No 3 (c) (contd)

Dr		CASH BOOK (BANK ACCOUNT)					Cr		
19 Feb. 1	To E. Evans	£	s.	d.	19 May 4	By Bills Payable	£	s.	d.
May 4	" "	56	19	3			115	-	-
		57	10	-					

E. EVANS' LEDGER

Dr		H HOOKER					Cr.			
19			£	s	d	19		£	s	d
Feb 1	To Cash	56	19	3	Feb 1	By Bills Receivable	115	-	-	
1	" Banker's Discount		19	9						
May 4	" Cash	57	10	-						
		115	-	-			115	-	-	

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19 Feb 1	To H. Hooker	£	s.	d.	19 Feb. 1	By Cash	£	s.	d.
		115	-	-			115	-	-

Dr		BANKERS' DISCOUNT ACCOUNT						Cr	
19 Feb 1	To Cash	£	s.	d.	19 Feb 1	By H. Hooker	£	s.	d.
		1	1	6			-	10	9

Dr		CASH BOOK (BANK ACCOUNT)				Cr			
19 Feb 1	To Bills Receivable	£	s.	d.	19 Feb 1	By Banker's Discount	£	s.	d.
		115	-	-	May 4	" H. Hooker	56	19	3
							57	10	-

EXERCISE VI—No 4 (a)

No. 1.

DUE DATE 26th April, 19..

LEEDS

/669:8:11

23rd January, 19..

STAMP

7/-

Three months after date, pay to us or our order
Six hundred and sixty nine pounds, eight shillings
and eleven pence value received

To MESSRS. DARLOW & WALSH,
Bolton

EARLE & CREASY

EXERCISE VI No 4 (b)

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Jan 23	Darlow & Walsh To Bills Receivable Bill returned and withdrawn	659	14	8	659	14	8
	Darlow & Walsh To Interest For 5% Interest charged on £659/14/8 plus £1/8/11 for 3 months	8	5	4	8	5	4
	Darlow & Walsh To Bill Stamp and Expenses	1	8	11	1	8	11
	Bills Receivable To Darlow & Walsh Amount of NEW bill including interest and expenses	669	8	11	669	8	11
	Bills Receivable To Darlow & Walsh <i>Particulars of Securities—</i> DUE (1) H G Bourne & Co £209/11/6 Feb 14 (2) Neville & Co £173 4/9 26 (3) James Hordam £89/14/8 Mar 25 (4) George Blakey £82/16/- Apr 19 (5) Smith Wilks & Co £112/12/9 Apr 26	667	19	8	667	19	8
	Bank To Bills Receivable For all above bills discounted	667	19	8	667	19	8
Feb 23	Bank To Bills Receivable For renewed bill of Jan 23 discounted	669	8	11	669	8	11
Mar 25	Darlow & Walsh To Bank For Bill No 3 dishonoured including Noting Charges of 7s 6d	90	2	2	90	2	2
Apr 4	Bank To Darlow & Walsh For payment to bank of value of Bill No 3 (dishonoured)	90	2	2	90	2	2
26	Darlow & Walsh To Bank For dishonour of renewed bill of Jan 23 and of Bill No 3	782	1	8	782	1	8
		£ 4 306	12	1	£ 4 306	12	1

EXERCISE VI—No. 4 (c)

EARLE & CREASEY'S LEDGER

Dr		DARLOW & WALSH						Cr.		
19		£	s	d	19		£	s	d	
Jan. 23	To Bills Receivable	659	14	8	Jan. 23	By Bills Receivable	669	8	11	
" 23	Interest	8	5	4	" 23	" Bills Receivable (surrendered as securities)	667	19	8	
" 23	Bill Stamp and Expenses	1	8	11	Apr. 4	" Bank	90	2	2	
Mar 23	" Bank	90	2	2	" 26	" Balance c/d	114	2	-	
Apr 26	" Bank (renewed Bill and Bill No 5)	782	1	8						
		£	1,541	12	9		£	1,541	12	9

EXERCISE VI—No. 5

JOURNAL ENTRIES

19																
(A)	Oct. 1	Bills Receivable	£	105	s	-	d	-	£	105	s	-	d	-		
		To Rhodes														
(B)	Dec. 11	Hirst (bill broker)		100	-	-										
		Discount		5	-	-										
		To Bills Receivable							105	-	-					
(C)	Apr. 7	Rhodes		105	-	-			105	-	-					
		To Hirst (bill broker)														
			£315	-	-				£315	-	-					

- (A) The bill will require a stamp duty of 2s.
 The bill will be due for payment 4th of April, 19..
 (that is, 3 days beyond the period, or tenor of the bill)

EXERCISE VI—No. 6

JONES'S LEDGER

Dr				BROWN				Cr.			
19		£	s	d	19		£	s	d		
Jan. 1	To Cash .	296	5	-	Jan. 1	By Bills Receivable	600	-	-		
"	" Discount	3	15	-	"	" Cash	148	2	6		
"	" Bills Payable	300	-	-	"	" Discount	1	17	6		
Mar. 31	" " Receivable	600	-	-	June 30	" Cash	112	10	-		
					"	" Bad Debts	337	10	-		
		£ 1,200	-	-			£ 1,200	-	-		

EXERCISE VI—No 7

Bills under Discount should be stated in the Balance Sheet as a contingent liability, and entered short as under—

<i>Contingent Liability</i>		£	s	d
Bills under Discount	. . . . .	10 750	-	-

If it is known that £1 000 worth of the bills discounted may not mature a reserve must be made against that possibility by a charge against Profit and Loss of £1 000 and an equivalent amount credited to Reserve for Loss on Bills under Discount

An adjustment may be made with regard to the Reserve in the event of the actual sums (10s in £) being received

EXERCISE VI—No 8

B's JOURNAL

		£	s	d	£	s	d
19 Jan 1	✓ Bills Receivable To A For two bills drawn on him for £2 000 and £4 000 for 2 mos and 4 mos respectively	6 000	-	-	6 000	-	-
Mar 4	✓ Bills Receivable To A For bill of £1 000 + Interest at 5% for 3 months	1 012	10	-	1 012	10	-
	✓ A To Interest For charge of Interest—5% of £1 000 for 3 months	12	10	-	12	10	-
May 4	✓ A To Bills Payable For acceptances of £1 131/16/8 and £1 408/3/4 for 2 months and 3 months respectively	2 540	-	-	2 540	-	-
		£9 565	-		£9 565		

B's LEDGER

Dr

SALES ACCOUNT

Cr

19		£	s	d	19 Jan 1	By A	£	s	d
							6 000	-	-

It has been assumed that A would have received value before bills would be accepted by him.

EXERCISE VI - No 8 (contd.).

Dr.		A		Cr.			
19 .		£	s d	19 .			
Jan. 1	To Sales	6,000	- -	Jan. 1	By Bills Receivable . .	6,000	- -
Mar. 1	" Cash	1,000	- -	Mar. 4	" " " "	1,012	10 -
" 4	" Interest	12	10 -	June 7	" Balance f/d	3,532	10 -
May 4	" Bills Payable . .	2,540	- -				
June 7	" Cash	1,012	10 -				
		£10,563	- -			£10,563	- -
June 7	To Balance f/d . .	3,532	10 -				

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19		£	s	d	19		£	s	d
Jan 1	To A	6,000	-	-	Jan 3	By Cash	2,770	-	-
Mar 4	" A	1,012	10	-	Mar 3	" "	4,000	-	-
					Mar 4	" "	1,012	10	-
		£7,012	10	-			£7,012	10	-

Dr		BILLS PAYABLE ACCOUNT				Cr		
19		£	s	d	19			
July 7	To Cash	1,131	10	8	May 4	By A	2,540	-
Aug 7	" "	1,408	3	4				
		£2,540	-	-			£2,540	-

Dr		INTEREST ACCOUNT				Cr			
				19			£	s	d
				Mar 4	By A		12	10	-

Dr.		BANKERS' DISCOUNT ACCOUNT		Cr.	
19		£	s d		
Mar. 4	To Sundries . . .	70	6 4		

Dr.		CASH BOOK (BANK COLUMN)				Cr		
		£	s	d		£	s	d
19					19			
Jan 3	To Bills Receivable	2,600	-	-	Jan 3	By Banker's Discount	13	3
		4 000	-	-			53	- 10
Mar 4	" " " "	1 012	10	-	Mar 1	" A " "	3,000	-
					Mar 4	" Banker's discount	10	2 6
					June 7	" A (dishonoured bill)	1,012	10 -
					July 7	" Bills Payable	1,131	10 8
					Aug 7	" " " "	1 408	3 4
					"	" Balance " " "	2,203	13 8
		£7,012	10	-			£7,012	10 -

BILLS RECEIVABLE BOOK

Date	No of Btl	From Whom Received	Fol	Discount	Amount of Btl	Date of Btl	Tenor	Due Date	Remarks
19 th Mar	29	Green & Golding		£ 8	£ 12	19 th Mar	1 month	Apr 5	Acceptor—Green & Golding
19 th Mar	30	Edwards & Co		8s	16	10 th Jun	2 months	May 2	—J. Thompson Met Mar 1 st
1 st Apr	31	Payee & Laid		20	12	6 th Mar	3 months	June 14	Endorsed over to Mandrakes Ltd—11 th June
16 th Apr	32	Alfred Jones & Co		18s	24	1 st Feb	60 days	May 2	Acceptor B Dunke Discounted
22 nd Apr	33	Payee & Laid		11	5	9 th Mar	4 months	Jul 25	{ Endorsement by B Beaton of H Moore s b l l
3 rd May	34	B B & Co			6	2 nd Jun	2 months	Aug	{ drawn on L Levar—Discounted
				9	5	9 th Mar	VAR & A C Dr		
				10					

BILLS PAYABLE BOOK

Date	No of Btl	To Whom Given	Fol	Discount	Amount of Btl	Date of Btl	Tenor	Due Date	Remarks
Mar 3	95	Payee & Sons		£ 8	£ 10	Mar 9	2 months	May 5	Payee—Ogden & Co Retained May 4
12 th Mar	96	Lindsay & Sons		8s	12s	19 th Mar	10 days	Mar 24	Honour—Mar 24
21 st Mar	97	Sowby & Wade		14	103	26 th Jun	1 month	Jul 27	Payee—Leury & Son
27 th Mar	98	Green & Noel		30s	9	29 th Aug	3 months	June 29	
30 th Mar	99	T N & Co		7	13	21 st Jun	4 months	Aug 1	Payee Gardner & Isbister
31 st Mar	100	G Graham		15	13	21 st Jun	90 days	Jul 22	
				£ 15	16	7 th Aug	VAR & A C Cr		
				15					

EXERCISE VI—No 9 (cont'd)

JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
Mar. 27	Interest	3	14	11			
	To Green & Noel.				3	14	11
Apr 1	B Bearon	116	2	6			
	To Bills Receivable				116	2	6
May 4	Bills Payable	237	16	4			
	To Phillip & Son				237	16	4
" 4	Phillip & Son	237	16	4			
	To Bills Payable				237	16	4
June 11	Mandrakes	120	12	6			
	To Bills Receivable				120	12	6

CASH BOOK

(Bank Column)

19		£	s.	d.	19		£	s.	d.
Mar 12	To Bills Receivable (No 130)	85	16	10	Mar. 24	By Bills Payable (No 96)	125	-	
" 16	" Bills Receivable (No 132)	183	-	-					

EXERCISE VI—No 10

"Renewing" a bill is an arrangement by which a *drawer* of a bill withdraws the first bill and makes out a fresh one.

The new bill, in addition to the amount of the old one, will include the *drawer's* charges for interest and stamp duty.

(A) WELT & DRAY'S JOURNAL

	£	s.	d.	£	s.	d.
F. Frost	126	15	8	126	15	8
To Bills Receivable						
Bills Receivable	127	17	6	127	17	6
To F. Frost						
F. Frost	1	1	10			
To Interest				19	10	
" Stamp Duty				2	-	
	£255	15	-	£255	15	-

EXERCISE VI—No 10 (contd)

F FROST'S JOURNAL

	£	s	d	£	s	d
Bills Payable To Welt & Dray	126	15	8	126	15	8
Welt & Dray To Bills Payable	127	17	6	127	17	6
Interest Stamp Duty To Welt & Dray : : :		19 2	10		1 1	10
	£255	15		£255	15	-

(B) S STORMS JOURNAL

	£	s	d	£	s	d
Jenkins & Co To Bills Receivable	226	14	11	226	14	11
Bills Receivable To Jenkins & Co	230	-	9	230	-	9
Jenkins & Co To Interest : : " Stamp Duty : : .	3	5	10	3	2 3	10 -
	£460	1	6	£460	1	6

J JENKINS JOURNAL

	£	s	d	£	s	d
Bills Payable To S Storm	226	14	11	226	14	11
S Storm To Bills Payable	230	-	9	230	-	9
Interest Stamp Duty To S Storm	3	2 3	10 -	3	5	10
	£460	1	6	£460	1	6

EXERCISE VI—No. 11

T TALBOT'S JOURNAL

	£	s	d	£	s	d
Bills Receivable	120	-	-			
To A—Debtor				120	-	-

The above bill can be dealt with in the following ways—

- (1) Discounted with a banker or bill broker.
- (2) Endorsed to a customer
- (3) Held until maturity

JOURNAL ENTRIES		£	s	d	£	s	d
(2) A—Creditor		120	-	-			
To Bills Receivable					120	-	-
<i>If dishonoured—</i>							
A—Debtor		120	-	-			
To A—Creditor					120	-	-
CASH BOOK (DEBIT SIDE)							
(1) To Bills Receivable					120	-	-
<i>If dishonoured—</i>							
CASH BOOK (CREDIT SIDE)							
By A—Debtor					120	-	-
(3) As for (1), assuming the bill had been sent to bank for collection, otherwise, as under—							
JOURNAL ENTRY							
A—Debtor		120	-	-			
To Bills Receivable					120	-	-

EXERCISE VI—No. 12

Methods of procedure are explained on page 173 *et seq* of *Advanced Accounts*

(1) *Credit Bank Account* By J (for dishonoured bill) "

(2) M's LEDGER

Dr			B			Cr			
19 Mar 1	To Bills Payable	£ 100	s -	d -	19 Mar 1	By Bills Receivable	£ 100	s -	d -
Dr			BILLS RECEIVABLE ACCOUNT			Cr			
19 Mar 1	To B . . .	£ 100	s -	d -	19 Mar 1	By Bank . . .	£ 100	s -	d -
Dr			BILLS PAYABLE ACCOUNT			Cr			
19 . June 4	To Bank .	£ 100	s -	d -	19 Mar 1	By B . . .	£ 100	s -	d -

EXERCISE VI—No 12 (contd)

Dr		BANK ACCOUNT						Cr	
19 Mar 1	To Bills Receivable	£	s	d	19 Mar 1	By Discount Charges	£	s	d
		100	-	-	June 4	u Bills Payable	100	-	-

Dr		DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Bank	£	s	d	19		£	s	d
		1	5	-					

Note The tenor of the bill has been taken at "three months"

B's LEDGER

Dr		M						Cr	
19 Mar 1	To Bills Payable	£	s	d	19 Mar 1	By Bills Receivable	£	s	d
		100	-	-			100	-	-

Dr		BILLS RECEIVABLE ACCOUNT						Cr	
19 Mar 1	To M	£	s	d	19 Mar 1	By Bank	£	s	d
		100	-	-			100	-	-

Dr		BILLS PAYABLE ACCOUNT						Cr	
19 June 4	To Bank	£	s	d	19 Mar 1	By M	£	s	d
		100	-	-			100	-	-

Dr		BANK ACCOUNT						Cr	
19 Mar 1	To Bills Receivable	£	s	d	19 Mar 1	By Discount Charges	£	s	d
		100	-	-	June 4	u Bills Payable	100	-	-

Dr		DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Bank	£	s	d	19		£	s	d
		1	5	-					

(3)

(A) L's JOURNAL

		£	s	d	£	s	d
Bills Receivable	Dr						
To M	Cr						
M	Dr						
To Bills Receivable	Cr						
M	Dr						
To Bank	Cr						

EXERCISE VI—No 12 (contd.).

(B) M's JOURNAL

				£	s	d	£	s	d
L	To Bills Payable	:	Dr						
		:	Cr						
Bills Payable	:	Dr							
To L	:	Cr							

(C) N's JOURNAL

				£	s	d	£	s	d
Bills Receivable	:	Dr							
To L	:	Cr							
Bank	:	Dr							
To Bills Receivable	:	Cr							

EXERCISE VI—No 13

PURCHASES BOOK

		£	s	d	£	s	d
19 Jan. 6	By Lyons— 150 tons Pig Iron @ 43/4 a ton Less 3% Trade Discount	325	—	—			
		9	15	—	315	5	—
	Total of Invoice				£315	5	—

SALES BOOK

		£	s	d
19. Jan. 2	James & Co— 20 tons 10 cw 2 qrs Steel Bars @ 103/4 a ton	106	—	11

EXERCISE VI—No 13 (contd)

BILLS RECEIVABLE BOOK

Date.	From Whom Received.	Tenor	Due Date	Amount		
19. Jan 7	J Kitson (Bill dated 4th Jan)	4 mos	19.. May 7	£ 178	s. 10	d. -

BILLS PAYABLE BOOK

Date	To Whom Given	Tenor	Due Date	Amount		
19.. Jan 6	W Lyons (Bill dated 1st Jan)	3 mos	19. Apr 4	£ 315	s 5	d -

TRIAL BALANCE

	£	s	d	£	s	d.
Purchases	315	5				
Bills Receivable	178	10	-			
Discount	1	2	6			
Carnage	2	11	4			
Rent	100	-	-			
Salaries	25	-	-			
Wages	75	-	-			
James & Co	106	-	11			
J Butler	35	14	2			
Sales				106	-	11
Bills Payable				315	5	-
J Tasker				47	10	-
W. Methley				39	15	-
J. Moulton				45	-	-
J Kitson				178	10	-
Bank (for Overdraft)				107	3	-
	£839	3	11	£839	3	11

EXERCISE VI—No 14

JOURNAL OF WILLIAM ASHTON

OPENING ENTRIES

			£	s	d	£	s	d
19								
Jan 1	Freehold Works	.	9	127	10			
	Fixed Plant	.	7	826	15			
	Dry Dock	.	6	284				
	Loose Plant etc	.	2	788	5			
	Expenditure on—							
	SS Owl	.	7	126				
	SS Hawk	.	4	291				
	SS Sparrow	.	8	35				
	Materials	.	4	724	9			
	Bills Receivable—							
	Nos 186	£329 6 6						
	187	546 10						
	188	490 9 6						
			1	366	6			
	Cash at Bank	.	2	796	8			
	Cash in Office	.	120	14	6			
	To Robinson & Co	.				984	17	
	Jones & Co	.				1	653	10
	Brown & Co	.				848	19	
	Mortgage (P Piper)	.				8	000	
	Bills Payable—							
	Nos 135	£640 8						
	136	728 10						
	137	320 17 6						
						1	689	15
	„ Instalments on—							
	SS Owl	.				6	849	
	SS Hawk	.				3	500	
	„ Capital Account	.				23,760	7	8
			£	47	286	9	2	
						47	286	9

EXERCISE VI—No 15

Dr

V WHITING S CASH BOOK

Cr

		£	s	d		£	s	d
1932					1933			
Sept 3	To R Sturgeon	1	473	15	Jan 4	By R Salmon	1	000

V WHITING S LEDGER

Dr

R SALMON

Cr

		£	s	d		£	s	d
1932					1932			
Sept 1	To Goods	1	000		Sept 1	By Bills Receivable	1	000
1933								
Jan 4	To Cash	1	000		Jan 4	By Bills Receivable	1	020
4	Interest	20	16	8	(incl Interest)		16	8
		£1	020	16			16	8

EXERCISE VI—No 15 (contd)

Dr.		R STURGEON		Cr			
1932 Sept. 3	To Bills Receivable	£	s d	1932 Sept. 3	By Cash	£	s d
		1,500	-		- Discount	1,473	15 3
						26	4 9
		£1,500	-			£1,500	-

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
1932 Sept. 1	To R. Salmon	£	s	d	1932 Sept. 3	By R Sturgeon	£	s	d
		1,500	-	-			1,500	-	-
1934 Jan. 4	To R. Salmon	£	s	d					
		1,020	18	8					

Dr		DISCOUNT AND INTEREST ACCOUNT						Cr	
1932 Sept 3	To R Sturgeon	£	s	d.	1933 Jan. 4	By R. Salmon	£	s	d.
		25	4	9			20	16	8

Dr		SALES ACCOUNT				Cr	
				1932 Sept. 1	By R. Salmon	£	s d
						1,500	- -

EXERCISE VI—No. 16.

ROBINSON'S BOOKS

PURCHASES BOOK

SALES BOOK

19. Aug. 31	Tuck & Co — 150 tons Coal @ 7/6 a ton	£	s d	19 Sept 14	The Sheffield Mfg Co — 150 tons Coal @ 12/6 a ton	£	s d
		96	5 -			93	15 -

Dr.		CASH BOOK				Cr				
19 Nov. 17	To Sheffield Mfg. Co.	£	s	d	19 Aug 31	By Tuck & Co	Direct	£	s	d
		93	15	-	" 31	" Cartage	(1/8 2)	54	16	10
					" 31	" Cartage	(150 tons @ 1/3)	9	7	6
					Nov 30	" Cartage	(150 tons @ 1/3)	5	12	6
						" Balance c/d		23	18	2
		£93	15	-				£93	15	-
Nov. 30	To Balance b/d	23	18	2						

EXERCISE VI—No 16 (contd)

JOURNAL

			£	s	d	£	s	d
19								
Sept 14	Bills Receivable	Dr	93	15				
	To Sheffield Manufacturing Co	Cr				93	15	
	Bill drawn at 2 mos							
Nov 17	Sheffield Manufacturing Co	Dr	93	15				
	To Bills Receivable	Cr				93	15	
	Bill due dishonoured							
			£187	10		£187	10	

LEDGER

Dr			Tuck & Co					Cr		
19 Aug 31	To Cash	.	£ 54	s 16	d 10	19 Aug 31	By Purchases	£ 56	s 5	d
31	Discount	.	1	8	2					
			£56	5	-			£56	5	

Dr		SHEFFIELD MANUFACTURING CO						Cr			
19			£	s	d	19			£	s	d
Sept 14	To Sales		93	15	-	Sept 14	By Bills Receivable		93	15	-
Nov 17	Bills Receivable		93	15	-	Nov 17	Cash		93	15	-
			£187	10	-				£187	10	-

Dr		BILLS RECEIVABLE ACCOUNT						Cr					
19 Sept 14	To Sheffield Mfg Co	£	93	s	15	d	19 Nov 17	By Sheffield Mfg Co	£	93	s	15	d

Dr		TRADING ACCOUNT						Cr	
19	To Purchases	£	s	d	19	By Sales	£	s	d
	Carriage Inwards	56	5	—		Discount on Pur	93	15	—
	Cartage Inwards	9	7	6		chases	1	8	2
	Profit and Loss A/c	5	12	6					
		23	18	2					
		£90	3	2			£93	3	2

Dr		PROFIT AND LOSS ACCOUNT						Cr			
19	To Establishment Exps (10% of £56/5)	£	5	12	6	19	By Trading Account	£	23	18	2
	Balance Nxt Profit		18	5	8						
		£23	18	2				£23	18	2	

EXERCISE VI—No 16. (contd)

FORM OF BILL

No 33.

DUE DATE 17th November, 19..

SHEFFIELD.

£93 15 0.

14th September 19..

STAMP

1/-

Two months after date pay to me or my order the
sum of ninety three pounds, fifteen shillings, for value
received

To SHEFFIELD MANUFACTURING, CO
SHEFFIELD

J. ROBINSON.

EXERCISE VI—No 17

A "Bill of Lading" is the Captain's receipt for goods on board his ship, and containing his undertaking to deliver (on certain conditions) to the place named in the document or to the person named therein or to order.

"Drawing as against Bills of Lading" is a term used in connection with the drawing of a bill by a foreign merchant on his English customer, which bill (one of the vias) is placed in the hands of the bankers with whom the foreign merchant has discounted it before acceptance surrendering there-with a bill of lading as security for value stated in the bill. The bill of lading is one of the documents which would be attached to the bill of exchange. See also *Advanced Accounts*, page 185 (under 'Documentary Bills')

EXERCISE VI—No 18

(a)

INVOICE

EAST STREET,

SHEFFIELD

4th March, 19 .

THE LOW MOOR IRON CO

BOUGHT of JOHN NIGHTINGALE

Iron Merchant

Terms -

40 tons Scotch Iron @ 45/- a ton

£
90s
-d
-

EXERCISE VI—No 18 (contd)

(b)

STATEMENT

		EAST STREET			SHEFFIELD		
					27th July 19 .		
THE LOW MOOR IRON CO							
DR to JOHN NIGHTINGALE					Iron Merchant		
		£	s	d	£	s	d
Mar 4	To Goods				90	-	
10	Goods				220		
19	Goods				168		-
					478	-	
Mar 30	By Cash	200	-				
Apr 2	Bills Receivable	250			450	-	-
					£28		-

c) AND (d)

No 73 DUE DATE 5th July 19

£250

STAMP

3/-

Three months after date pay to my order the sum of

Two hundred and fifty pounds value received

To THE LOW MOOR IRON CO JOHN NIGHTINGALE

WIGAN

Accepted by the Cashier of the Limited Liability Company The Low Moor Iron Co Sheffield

2nd April 19

EXERCISE VI—No 18 (contd.).

(c)

BILLS RECEIVABLE BOOK

No of Bill	Date Drawn	Name of Acceptor	Tenor	Due Date	Amount			Remarks.
73	19 Apr. 2	The Low Moor Iron Co	3 mos	19 July 5	£ 250	s	d	

BOOKS OF LOW MOOR IRON CO.

BILLS PAYABLE BOOK

No of Bill	To Whom Payable	Tenor	Due Date	Fol	Amount			Remarks.
73	John Nightingale	3 mos	19 July 5		£ 250	s	d	

LEDGER

Dr

JOHN NIGHTINGALE

Cr

19		£	s	d	19		£	s	d
Mar 20	To Cash	200	-	-	Mar 4	By Purchases	90	-	-
Ap 2	, Bills Payable	250	-	-	, 10	" Purchases	220	-	-
" 2	, Balance c/d	28	-	-	, 19	" Purchases	169	-	-
		£478	-	-			£478	-	-
					Apr 2	By Balance b/d	28	-	-

EXERCISE VI—No 19

Dr		Y S CASH BOOK				Cr			
1937 Oct 1	To X	£	s	d	1938 Mar 31	By Balance c/d	£	s	d
1938 Jan. 1	To Bills Receivable	£	00	-			£	019	1 8
1	X	14	1	8					
		£1 019	1	8			£1 019	1	8
1938 Mar 31	To Balance b/d	1 019	1	8					

Y S LEDGER									
Dr		X				Cr			
1937 Oct 1	To Goods	£	s	d	1937 Oct 1	By Cash	£	s	d
		1	500			Bills Receivable	305		
							1	250	
1938 Jan 1	To Bills Receivable	650			1938 Jan 1	By Bills Receivable	650		
1	Interest	14	1	8	1	Cash	14	1	8
		£664	1	8			£664	1	8

Dr		INTEREST ACCOUNT				Cr		
				1938 Jan. 1	By X	£	s	d
						14	1	8

Dr		SALES ACCOUNT					Cr		
Mar 31	To Trading Account	£	s	d	1937 Oct 1	By X	£	s	d
		1 550					1 550		

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
1937 Oct 1	To X	£	s	d	1938 Jan 1	By Cash X	£	s	d
		1 250					600		
		£1,250					650		
							£1,250		
1938 Jan 1	To X				1938 Mar 31	By Balance c/d			
		650					650		
Mar 31	To Balance b/d								
		650							

CASH BOOK OF JONAS WILKINSON

Gr.

10

130

EXERCISE VI—No 21

See *Advanced Accounts* pages 3 (under System of Accounting) to 5 (inclusive)

EXERCISE VI—No 22.

See *Advanced Accounts* page 12 (under Bank Cash Book) also pages 290 and 291 for examples of Cash Books

The Petty Cash Book contains an analysis of petty disbursements examples of which are carriage postages stationery and packing materials The Petty Cash Book is subsidiary to the General Cash Book because it relieves the principal Cash Book of all details re small payments which items are entered in a TOTAL amount at the end of the month

EXERCISE VI—No 23

Dr

PETTY CASH BOOK (IMPREST SYSTEM)

Cr

Amount Received	Date	Particulars	Total	Postages etc	Gas Account	Carriage	Office Cleaning
£ s d			£ s d	£ s d	£ s d	£ s d	£ s d
20	19 Jun	To Bank	3 5	1 17 6	2 14 9	3 5	1 17 8
	2	By Carriage	2 14 9				
	2	Postages etc	1 17 8				
	2	Gas Account					
	2	Office Cleaning					
		TOTAL EXPENDITURE	£9 14 11	£1 17 6	£2 14 9	£3 5	£1 17 8
9 14 11	2	To Bank	20				
	2	By Balance c/d					
£29 14 11			£29 14 11				

EXERCISE VI—No 23 (contd.)

Cr.

BANK CASH BOOK

Dr

Date	Particulars	For	This count	Details	Bank	Subs Ledger	General Ledger	Date	Particulars	For	This count	Cash	Bank	Brought Forward	General Ledger
19 Jan 2	To J Smith		£ 2 10 -	£ 67 10 -	£ 220 16 8	£ 160 9 -		19 Jan 2	By W Jones		£ 8 8 -		£ 218 12 -	£ 224 -	£ 6 8
"	" " 1000			73 0 8		73 0 8		"	" 1000				140 7 8		140 7 8
								"	" 1000				52 6 8		52 6 8

EXERCISE VI—No 24

AS LEDGER

Dr				B				Cr			
19				£	s	d	19		£	s	d
Jan 1	To Goods			10 000	-	-	Jan 1	By Bills Receivable	10 000		
July 5	C			10 000	5	-	July 5	Cash	4 000		
" 5	Interest			100	-	-	5	Bills Receivable	2 033	8	4
							5	(including Interest)			
							5	Bills Receivable	2 033	8	4
							5	(including Interest)			
							5	Bills Receivable	2 033	8	4
								(including Interest)			
				£	20 100	5			£	20 100	5

Dr				BILLS RECEIVABLE ACCOUNT				Cr			
19				£	s	d	19		£	s	d
Jan 1	To B			10 000	-	-	Jan 4	By C	10 000		
July 5	" B			6 100	5	-					
	(or 3 Bills of										
	£2 033/8/4 each)										

Dr				C (BANKER)				Cr			
19				£	s	d	19		£	s	d
✓ Jan 4	To Bills Receivable			10 000	-	-	✓ Jan 4	By Discount Charges	1 250		
July 5	B			4 000	-	-	5	B	10 000	5	-

Dr				DISCOUNT ACCOUNT				INTEREST ACCOUNT				Cr			
19				£	s	d	19		£	s	d	19			
✓ Jan 4	To C (Bankers)			1 250	-	-	July 5	By B	100						

EXERCISE VI—No. 25

JOURNAL OF MESSRS DODGER & CO.

		£	s	d	£	s	d
19 Mar 1	Ibbetson & Co	£	1	17			
	To Commission					1	2 9
	2% of £57						
	To Discount					14	3
	5% of £57 for 3 mos						
" 1	Bills Receivable	58	17		58	17	
	To Ibbetson & Co						
	Bill drawn @ 3 mos for total of invoice and charges						
June 1	Ibbetson & Co	58	17		58	17	
	To Bills Receivable						
	Bill @ 3 mos withdrawn						
" 1	Ibbetson & Co	1	2			15	6
	To Commission						
	2% of £38/17/-					6	6
	To Discount						
	5% of £38/17/- for 2 mos						
" 1	Bills Receivable	39	19		39	19	
	To Ibbetson & Co						
	Bill drawn @ 2 mos						
		£160	12		£160	12	

SALES BOOK

		£	s	d	£	s	d
19 May 1	Ibbetson & Co —						
	120 tons best House Coal @ 8 9	52	10				
	Wagon Hire (120 tons @ 9 1)	4	10				
					57		
	Total of Invoice				£57		

CASH BOOK
(DEBIT SIDE)

		£	s	d
19 June 1	To Ibbetson & Co	20		
Aug 4	" Bills Receivable	39	19	

EXERCISE VI—No 25 (contd.)

MESSRS IBBETSON & CO

[illegible]

135 EXERCISE VI—No. 26

TRADING ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY 19

	Factory		Shop		Total		Factory		Shop		Total	
	£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
To Stock 1st Mar	3 408	-	7 47	-	4 575	-					4 199	-
" Purchases	11 760	-	4 199	-	11 760	-					26 891	-
" Purchases from Factory			62	-	4 199	-					3 105	-
" Purchases for Cash					62	-						
" Wages	8 433	-			6 473	-					7 538	-
" Manufacturing Expenses	3 725	-			891	-					470	-
" Balance Gross Profit c/d	£ 26 557	-	£ 3 000	-	£ 7 225	-					£ 34 665	-

Dr. PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY, 19.. Cr.

	Factory		Shop		Total	Factory		Shop		Total
	£	s	£	s	£	£	s	£	s	£
To Office Salaries	180	-	-	-	180	-	-	-	-	-
" Office Expenses, etc.	395	-	-	-	395	-	-	-	-	-
" Auditors (due)	-	-	266	-	266	-	-	-	-	-
" Law Expenses and Audit Fee	41	-	36	-	77	-	-	-	-	-
" Rent, Rates, Taxes, Light, and Ins'nce	438	-	-	-	438	-	-	-	-	-
" Travellers Commission	152	-	-	-	152	-	-	-	-	-
" Bad Debts	8	-	-	-	8	-	-	-	-	-
" Shop Manager's Commission	-	-	60	-	60	-	-	-	-	-
" Depreciation—	-	-	-	-	-	-	-	-	-	-
Fixtures	31	-	-	-	31	-	-	-	-	-
Balance Net Profits c/d	2 65 2	-	-	-	4 768	-	-	-	-	-
	£4 007	-	-	-	£7 007	£4 007	-	£3 000	-	£7 007
By Trading Accounts	-	-	-	-	-	3 723	-	-	-	-
" Discounts	-	-	-	-	-	284	-	-	-	-
	-	-	-	-	-	£4 007	-	£3 000	-	£7 007

Dr. GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28TH FEBRUARY, 19.. Cr.

	£	s	£	s	£	£	s	£	s	£
To DEPRECIATION Plant (10% of £3,280)	-	-	-	-	-	-	-	-	-	-
" Federal on Capital Accounts—	-	-	-	-	-	-	-	-	-	-
A Walters (5% of £8,200)	310	-	-	-	310	-	-	-	-	-
J. Smith (5% of £3,500)	175	-	-	-	-	-	-	-	-	-
Balance, Net Profit to Capital Accounts—	-	-	-	-	-	-	-	-	-	-
A Walters, 1	2 644	-	-	-	495	-	-	-	-	-
J. Smith, 1	1 322	-	-	-	-	-	-	-	-	-
	-	-	-	-	3 986	-	-	-	-	-
	-	-	-	-	£4,779	-	-	-	-	-
By Net Profits of—	-	-	-	-	-	-	-	-	-	-
Factory	-	-	-	-	-	2 662	-	-	-	-
Shop	-	-	-	-	-	2,106	-	-	-	-
" Bad Debts Reserve, 1st Mar.	-	-	-	-	-	74	-	-	-	-
" Less New Provision	-	-	-	-	-	63	-	-	-	-
	-	-	-	-	-	4 768	-	-	-	-
	-	-	-	-	-	11	-	-	-	-
	-	-	-	-	-	£4,779	-	-	-	-

EXERCISE VI—No 27

MESSRS WILSON & BOOKMAN

TRADING ACCOUNT

Dr. FOR THE ½ YEAR ENDED 31ST DECEMBER, 19.. Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock, 1st July				8,908	-	-	By Sales	30,643	-	-			
" Purchases (including Govt Duty)				25,609	-	-	Less Returns Inwards	278	-	-			
" Manufg Wages				4,097	-	-					30,365	-	-
" Bal, Gross Profit				9,537	-	-	" Stock, 31st Dec.				12,896	-	-
				£ 48,261	-	-					£ 48,261	-	-

MESSRS WILSON & BOOKMAN

, PROFIT AND LOSS ACCOUNT

Dr. FOR THE ½ YEAR ENDED 31ST DECEMBER 19.. Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Salaries & Wages				1,100	-	-	By Trading Account						
" Rents, Rates, and Taxes				562	-	-	Gross Profit				9,537	-	-
" Travelling Exps				130	-	-	Commission				561	-	-
" Exps of Licences				58	-	-							
" Insurance, etc.	40	-	-										
Less Proportion of Prem prepaid	7	10	-										
				32	10	-							
" Reps & Renewals				377	-	-							
" Int. and Disc				587	-	-							
" Bad Debts	562	-	-										
Add ½ of Macmillan Unpaid Bill	50	-	-										
				412	-	-							
" Bad Debts Res. (5% of £6,200-£50)				307	10	-							
Int on Cap A/cs													
A. Wilson (5% 6 m £7,200)	181	5	-										
J. Bookman (5% 6 m £4,685)	117	2	8										
				298	7	6							
" Bal — Net Profit to Capital A/cs													
A. Wilson, ½ sh	3 138	6	3										
J. Bookman ½ sh	3 138	6	3										
				6,276	12	6							
				£ 10,101	-	-					£ 10,101	-	-

EXERCISE VI—No 27 (contd)

MESSRS WILSON & BOOKMAN
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES								ASSETS								
	£	s	d	£	s	d		£	s	d	£	s	d	£	s	d
Loan				2 000			Cash	53								
Sundry Creditors				5 963			Bank	1 897								
Capital Accounts—														1 950		
A Wilson							Bills Receivable							950		
Capital 1st July	7 250						Sundry Debtors	6 200								
Add Interest	181	5					Less Bad Debts 50									
Sh of Profit	3 138	6	3				Bad Debts									
							Reserve 307½									
	£ 10 569	11	3					357	10							
Less Drawings	640													5 842	10	
				9 929	11	3	Stock							12 898		
J Bookman							Fixtures & Fittings							897		
Capital 1st July	4 685						Plant & Machinery							2 880		
Add Interest	117	2	6				Proportion of Insurance Premium prepaid							7	10	
Sh of Profit	3 138	6	3													
	7 940	8	9													
Less Drawings	410															
				7 530	8	9										
				£ 25 423										£ 25 423		

EXERCISE VI—No 28

STANLEY MAIN COAL CO S BOOKS
JOURNAL ENTRIES

			£	s	d	£	s	d
19								
Jan	1	Messrs Ricksmith Pigg & Co	37	10				
		To Wagon Hire				37	10	
		For charge of 9d a ton for wagon hire on 1 000 tons						
"	1	Messrs Ricksmith Pigg & Co	125					
		To Carriage				125		
		For charge of 2/6 a ton carriage on 1 000 tons						
"	1	Screening Account	25					
		To Messrs Ricksmith Pigg & Co				25		
		For allowance of 6d per ton for screening						
"	1	Bills Receivable	512	10				
		To Messrs Ricksmith Pigg & Co				512	10	
		For acceptance at 2 mos						
			£ 700			£ 700		

EXERCISE VI—No 28 (contd)

SALES BOOK

		£	s.	d.
19..				
Jan 1	Messrs Ricksmith, Pigg & Co— 1,000 tons Coal @ 7/6 a ton .	375	-	-

LEDGER

Dr. MESSRS RICKSMITH, PIGG & CO Cr

		£	s.	d.			£	s.	d.
19					19				
Jan. 1	To Sales .	375			Jan 1	By Screening	25		
" 1	" Wagon Hire .	37	10		" 1	" Bills Receivable	512	10	
" 1	" Carriage .	125							
		£537	10				£537	10	

NOTE—The above "records" relate to only ONE month
EXERCISE VI—No 29

P'S LEDGER

Dr Q Cr

		£	s.	d.			£	s.	d.
Jan. 3	To Goods	600			Jan. 3	By Bills Receivable	600		
May 3	" Bills Receivable	200			May 3	" Cash	50		
3	Interest	1	17	6	3	" Bills Receivable	151	17	6
		£801	17	6			£801	17	6

Dr BILLS RECEIVABLE ACCOUNT Cr

		£	s.	d.			£	s.	d.
Jan. 3	To Q	600			Jan. 7	By Bank	159	5	8
May 3	" Q	151	17	6	" Discount			14	4
					Apr 3	Bank	200		
					May 3	Q	200		
					1	Bank	150	5	9
					10	" Discount	1	11	9
		£751	17	6			£751	17	6

Dr DISCOUNT AND INTEREST ACCOUNT Cr

		£	s.	d.			£	s.	d.
Jan 7	To Bills Receivable		14	4	May 3	By Q	1	17	6
May 10	" Bills Receivable	1	11	9	" 10	" Profit and Loss		8	7
		£2	6	1			£2	6	1

PROFIT AND LOSS ACCOUNT

		£	s.	d.
May 10	To Discount and Interest Account		8	7

EXERCISE VI—No 30

See Answers at end of *Advanced Accounts*

EXERCISE VII—No 1

R RANDOM & SONS JOURNAL

		£	s	d	£	s	d
19 Sept 1	Consignment Account To Goods on Consignment . " Freight . " Insurance . For invoice value of goods shipped to Paul Gold Capetown	578	-	-	500	-	-
					60	-	-
					18	-	-
Oct 28	Paul Gold To Consignment Account	460	-	-	460	-	-
	Consignment Account To Paul Gold For expenses £10 and commission £25	35	-	-	35	-	-
Oct 28	Bills Receivable To Paul Gold	425	-	-	425	-	-
Nov 2	Paul Gold To Consignment Account	320	-	-	320	-	-
	Consignment Account To Paul Gold For expenses £8 and commission £10	18	-	-	18	-	-
Nov 2	Bills Receivable To Paul Gold	302	-	-	302	-	-
		£2 138	-	-	£2 138	-	-

R RANDOM'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

		£	s	d		£	s	d
19 Sept 1	To Goods on Consignment Freight Insurance P Gold Balance c/d (Profit for period)	500 60 18 35 127	-	-	19 Oct 28	By P Gold Goods on Consignment unsold c/d (including proportion of expenses)	460 280	-
		£740	-	-			£740	-
Oct 28	To Balance b/d (unsold Goods)	280	-	-	Oct 28	By Balance b/d (Profit on part sale of Goods)	127	-
Nov 2	P Gold Balance to Profit and Loss	18 149	-	-	Nov 2	" P Gold	320	-
		£447	-	-			£447	-

EXERCISE VII—No 1 (contd)

<i>Dr.</i>		PAUL GOLD			<i>Cr.</i>				
19 Oct. 28	To Consignment .	£ 400	s -	d -	19 Oct. 28	By Consignment .	£ 35	s -	d -
						" Bills Receivable	425	-	-
		£400	-	-			£460	-	-
Nov 2	To Consignment .	320	-	-	Nov 2	By Consignment .	18	-	-
						" Bills Receivable	302	-	-
		£320	-	-			£320	-	-

<i>Dr.</i>		BILLS RECEIVABLE ACCOUNT			<i>Cr.</i>	
19 Oct. 28	To P Gold	£ 425	s -	d -		
Nov 2	" "	302	-	-		

<i>Dr.</i>		FREIGHT AND INSURANCE ACCOUNT				<i>Cr</i>		
19				19 Sept 1	By Consignment	£ 78	s -	d -

(Note—Expenses assumed to have not been paid)

EXERCISE VII—No 2

DELMARINE BROS' JOURNAL

		£	s	d	£	s	d
19 Oct 15	Consignment Account To Goods on Consignment For shipment of 60 cases mixed Sheffield goods at £32 10s per case to Donnison & Sons Port Elizabeth	1,950	-	-	1 950	-	-
Dec 19	Donnison & Sons To Consignment For gross proceeds of sale of goods consigned to him as per account sales	2 855	-	-	2 855	-	-
" 19	Consignment To Donnison & Sons For expenses and commission as per account sales	125	11	6	125	11	6
		£4 930	11	6	£4,930	11	6

An ACCOUNT SALES is a document containing particulars of the Gross proceeds of the consignment sold together with details of expenses charges and commission in connection therewith. The document is prepared by the CONSIGNEE.

EXERCISE VII—No 2 (contd)

A CONSIGNMENT ACCOUNT is raised in the CONSIGNOR'S Ledger and contains particulars of—

(a) Goods sent out on consignment

(b) Particulars of their sale by agent

(c) Particulars of expenses charges and commission in connection with above

ACCOUNT SALES OF 60 CASES MIXED SHEFFIELD GOODS sold on account and risk of Messrs Delmaine Bros London

		£	s	d	£	s	d
19 Dec 15	30 cases Mixed Sheffield Goods @ £45 per case				1 350	—	—
17	25 cases Mixed Sheffield Goods @ £50 per case				1 250	—	—
19	5 cases Mixed Sheffield Goods @ £51 per case				250	—	—
					2 850	—	—
	CHARGES						
	Storage	16	10				
	Landing Charges	6	10				
	Insurance	2	11				
	Commission—2% of £2 850	57	2				
	Del credere Commission—14% of £2 850	40	16	6			
					125	11	6
	Net Proceeds				2 729	8	6
	Bill drawn Nov 1				1 000		
E & O F	Port Elizabeth 19th December 19				£1 729	8	6
	Donnison & Son						

BILLS RECEIVABLE BOOK

Date	No of Bill	From whom Received	Term	Due Date	Fol	Discount	Amount
19 Nov 1	1	Donnison & Sons				£ s d	£ s d
							1 000

DELMARINE BROS LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

		£	s	d			£	s	d
19 Oct. 15	To Goods on Consignment	1 950			19 Dec 19	By D Donnison & Sons	2 855		
	Cash	68	19						
Dec 19	D Donnison	125	11	6					
	Balance to Profit and Loss	710	9	6					
		£2 855					£2 855		

EXERCISE VII—No. 3 (cont'd)

Dr		D. DONNISON & SONS			Cr.	
19		£	s	d	19	
Dec. 19	To Consignment	2,855	-	-	Nov. 1	By Bills Receivable
					Dec. 19	" Consignment
					"	" Balance c/d
		2,855	-	-		1,000
						125
						1,729
						8
						6
Dec. 19	To Balance b/d.	1,729	8	6		

Dr		BILLS RECEIVABLE ACCOUNT			Cr	
19		£	s	d		
Nov. 1	To D. Donnison & Sons	1,000	-	-		

Dr		CASH BOOK			Cr	
					£	s
				19		d
				Oct. 15	By Consignment—	
					Insurance	10
					Freight	54
					Sundry Chgs	3
						12
						12
						-

EXERCISE VII—No. 3

J. MOSS & CO'S JOURNAL

19		£	s	d	£	s	d
	Consignment Account	1,500	-	-	1,500	-	-
	To Goods on Consignment						
	For goods sent to J. Solomon, Hong Kong						
	Bills Receivable	1,300	-	-	1,300	-	-
	To J. Solomon						
	J. Solomon	1,729	-	-	1,729	-	-
	To Consignment						
	For gross proceeds as per account sales						
	Consignment Account	71	-	-	71	-	-
	To J. Solomon						
	For expenses and commission as per account sales						
	Consignment Account	15	-	-	15	-	-
	To Bankers' Discount						
	For loss on bill discounted						
		£4,615	-	-	£4,615	-	-

EXERCISE VII—No 3 (contd)

Dr		CASH BOOK				Cr	
		Bank.				Bank.	
19	To Bills Receivable J Solomon (Sight Dr)	£	s	d	19	By Consignment A/c— Freight Insur. etc.) Bankers' Discount Balance c/d	£ s d
		1 300				35	
		308				15	
						1 358	
		£1 608				£1 658	

J MOSS & CO'S LEDGER

Dr		CONSIGNMENT ACCOUNT				Cr	
			s	d			s d
19	To Goods on C/men Cash Bankers' Discount J Solomon Balance to Profit and Loss	1 300			19	By J Solomon	£ 1 729
		55					
		15					
		71					
		88					
		£1 709				£1 709	

Dr		J SOLOMON				Cr	
		£	s	d		£	s d
19	To Consignment	1 729			9	By Bills Receivable Consignment Cash	1 300
						71	
						308	
		£1 729				£1 709	

Dr		BILLS RECEIVABLE ACCOUNT				Cr	
		£	s	d		£	s d
19	To J Solomon	1 300			19	By Bank	1 300

Dr		BANKERS' DISCOUNT ACCOUNT				Cr	
		£	s	d		£	s d
19	To Bank	15			19	By Consignment	15

EXERCISE VII—No. 4.

JOINT VENTURE ACCOUNT
(AN ACCOUNT OF SPECULATION IN TIMBER
BY T TOHM AND F FRIEDLEY)

Dr.					(AN ACCOUNT OF SPECULATION IN TIMBER BY T TOHM AND F FRIEDLEY)					Cr		
19		£	s	d	19		£	s	d			
Jan 20	To A Russphy	687	16	-	Feb 21	By Cash	175	2	5			
" 23	Loading	36	15	6	Mar 27	" F Turner	420	-	-			
" 31	Freight to London	123	14	5	Apr 15	" L. Lott	1,472	10	6			
Feb 26	Cash	1,027	-	-	May 31	" F Friedley	320	8	-			
Mar 25	Shipping Charges and Freight	225	10	11		(a partner)						
May 31	Int on Cap A/cs											
	T Tohm											
	(136 days)	8	7	8								
	F Friedley	10	4	11								
	(136 days)											
" 31	Balance (Profit) to Capital A/cs											
	T Tohm	120	17	2								
	F Friedley											
	$\frac{2}{3}$ share	147	14	4								
	$\frac{1}{3}$ share											
		£2 388	-	11			£2 388	-	11			

Dr.				T TOHM—NORWAY				Cr			
		£	s	d			£	s	d		
19					19						
May 20	To Balance c/d	579	4	10	Jan 15	By Cash	450	-	-		
					May 31	Interest	8	7	8		
					" 31	(for 136 days)					
						Share of Profit	120	17	2		
						($\frac{2}{3}$ of £268 11 6)					
		£579	4	10			£579	4	10		
May 31	To Cash	£579	4	10	May 31	By Balance b/d	£579	4	10		

EXERCISE VII—No 4 (contd)

Dr		F. FRIEDLEY—ENGLAND					Cr		
19 May 31	To Joint Venture (Timber taken over)	£ 300	s 8	d	19 Jan 15	By Cash	£ 300	s -	d
" 31	Balance c/d	387	11	3	May 31	Interest (for 136 days) Share of Profit ($\frac{1}{10}$ of £288/11 6)	10	4	11
		£707	19	3			147	14	4
May 31	To Cash	387	11	3	May 31	By Balance b/d	£707	19	3
		£387	11	3			£387	11	3

Dr		CASH BOOK					Cr		
		£	s	d			£	s	d
19					19				
Jan 15	To Capital Accounts				Jan 23	By Joint Venture —			
	T Tohm	450				Loading	36	15	6
	F Friedley	550			31	Freight to			
Feb 21	Joint Venture	175		5		London	123	14	5
May 19	Bills Receivable	1 472	10	6	Feb 26	Joint Venture	1 027		
	(L. Lot's ac				Mar 25	Shipping Charges			
	ceptance)					and Freight	225	10	11
" 30	Bills Receivable	420			Apr 24	Bills Payable	687	16	
	(R. Turner's					(Our accept			
	acceptance)					ance to P. Rus			
						sphy)			
					May 31	Balance c/d	966	16	1
		£3 067	12	11			£3 067	12	11
May 31	To Balance b/d	966	16	1	May 31	To Capital Accounts			
						T Tohm	579	4	10
						F Friedley	387	11	3
		£966	16	1			£966	16	1

EXERCISE VII—No 5

P POTTER'S JOURNAL

		£	s	d	£	s	d
19 July 1	Consignment Account To Goods on Consignment For 1,150 tons Iron invoiced (<i>pro forma</i>) at 52s 6d per ton and sent to K Kettlewell, New York	3 018	15	—	3,018	15	—
Sept 1	K Kettlewell To Consignment For net proceeds of Account Sales, sent by K Kettlewell, the particulars of which are set out below— <div style="margin-left: 40px;"> <div style="display: flex; justify-content: space-between;"> \$ \$ </div> <div style="display: flex; justify-content: space-between;"> 222 tons @ 15 00 = 3 330-00 </div> <div style="display: flex; justify-content: space-between;"> 300 " @ 14 50 = 4,350-00 </div> <div style="display: flex; justify-content: space-between;"> 176 " @ 14-25 = 2,508 00 </div> <div style="display: flex; justify-content: space-between;"> 452 " @ 14 75 = 6 467-00 </div> </div> <div style="margin-left: 40px;"> 1,150 tons Iron Gross Proceeds \$16 855-00 Less 3% Commission \$505 65 Net Proceeds \$16 349 35 \$16 349-35 @ 4/2 = 13 406 2s 3d </div>	3,406	2	3	3,406	2	3
Sept 1	Bills Receivable. To K Kettlewell Bill at 60 days for amount of NET proceeds, as per Account Sales	3 406	2	3	3,406	2	3
Oct 30	Difference in Exchange (Loss) To Bills Receivable	48	19	2	48	19	2
" 30	Consignment Account. To Difference in Exchange (Loss)	48	19	2	48	19	2
	(For transfer of loss on bill)	19 928	17	10	19,928	17	10

EXERCISE VII No 5 (contd.)

P POTTERS LEDGER

Dr				CONSIGNMENT ACCOUNT				Cr			
19				£	s	d	19				
July 1	To Goods on C/mnt	3 018	15				Sept 1	By Kettlewell	3 406	0	3
1	Cash	175	15			9					
Oct 30	Loss on Exchange	48	19			2					
" 30	Balance (gain) to Profit & Loss	16	12			4					
		£3 406	2			3			£3 406		3

Dr				K KETTLEWELL				Cr			
19				£	s	d	19				
Sept 1	To Consignment	3 406	2			3	Sept 1	By Bills Receivable	3 406	2	3

Dr				BILLS RECEIVABLE ACCOUNT				Cr			
19				£	s	d	19				
Sept 1	To K Kettlewell	3 406	2			3	Oct 30	By Cash	3 357	3	1
							30	Difference on Ex- change (Loss)	48	19	2
		£3 406	2			3			£3 406	2	3

Dr				CASH BOOK				Cr			
19				£	s	d	19				
Oct 30	To Bills Receivable	3 357	3			1	July 1	By Consignment (Freight & Chgs)	175	15	9

EXERCISE VII—No 6

B BAILEY'S LEDGER

Dr				JOINT VENTURE ACCOUNT				Cr			
19				£	s	d	19				
May 2	To Goods on Joint A/c	5 000					July 31	By L. Phipps (Gross proceeds)	4 896	18	2
2	Stock	750									
2	Expenses of Purchase (2% of £2 000)	40									
July 31	Expenses of Sale (3% of £4 896/18/2)	146	18			2					
31	L. Phipps (1/7 of £1 950)	281	15			4					
" 31	Balance to Profit and Loss	1 268	4			8					
		£4 896	18			2			£4 896	18	2

Note £4 750 = $\frac{97}{100}$ of Sale Price of Goods Hence, to arrive at Gross Proceeds £4 750 must be multiplied by $\frac{100}{97}$

EXERCISE VII—No 7

SS 'QUELÉNIE'

NET REVENUE ACCOUNT

Cr

Dr

	£	s	d			£	s	d	
To Revenue Account No 5	586	11	10		By Revenue Account No 1	1,763	10	8	
Revenue Account No 8	54	5	6		Revenue Account No 2	1,942	16	7	
Balance					Revenue Account, No 3	2,148	3	10	
(distributable profit)	15 406	13	4		Revenue Account, No 4	3,730	14	4	
					Revenue Account, No 6	5,018	18	8	
					Revenue Account, No 7	2,345	6	7	
	£15 947	10	8			£16 947	10	8	

Note—Each owner of part of ship will receive $\frac{1}{8}$ of £15,403*s*. that is, £240/14/7.

EXERCISE VII—No 8

2

VOYAGE ACCOUNT

6

[illegible]

EXERCISE VII--No 9

This is as Example on pages 235 and 236 of *Advanced Accounts* except that it uses double the figures employed in the Example

THE GLENISLA STEAMSHIP CO., LTD.

Gr.

$$\begin{array}{r} 12 \overline{) 12928} \\ \underline{12} \\ 9 \\ \underline{9} \\ 28 \\ \underline{24} \\ 48 \\ \underline{48} \\ 0 \end{array}$$

EXERCISE VII—No. 1.

LINKLEY STEAM NAVIGATION CO

REVENUE ACCOUNT FOR THE HALF YEAR ENDED 31st MAY 19

	£	s	d	By Freights Earned	£	s	d
To Brokerage and Commission	1 073	5	5		75 616	14	4
Victualling	3 517	18	9				
Coals (in bunkers)	10 718	15	4				
Damages Repairs & Renewals	8 073	13	6				
Wages	7 569	11	10				
Port Chgs & Disbursements	4 329	7	3				
Directors Fees	625	15	6				
Interest on Mortgage	140	-	-				
Office Rents Rates & Taxes	557	13	9				
Accountancy Fees	120	10	6				
Loading and Dischg Exps	4 566	4	8				
Sundry Stores	1 015	17	5				
Printing and Stationery	785	3	10				
Engineering Charges	1 019	4	7				
Commission to Agents	75	13	9				
Depreciation—							
Steamers	5 208	10	6				
Balance (profit) to Net		-	9				
Revenue Account	26 217						
	£ 75 616	14	4		£ 75 616	14	4

NET REVENUE ACCOUNT									
Dr							Cr		
	£	s	d	£	s	d	£	s	d
To Underwriting Account (5% of £26 217 7/8) Management Commission (5% of £24 906/10 4) Balance to Balance Sheet							By Revenue Account		
				1	3	0			
							1,245	6	6
							23 661	3	10
	£	s	d	£	s	d	£	s	d
							26 217	7	9
							26 217	7	9

MUNKLEY STEAM NAVIGATION CO—(cont'd)

1910

	£	s	d	£	s	d	£	s	d
LIABILITIES									
Proprietors Capital				190,000	-	8	190,000	-	8
Bank Overdraft—A. & M Bank Co				2,516	14	8	7,569	18	9
Bills Payable				2,465	18	9	6-8	10	2
Mortgage				7,000	-	-			
Sundry Creditors				4,320	17	7			
Underwriting Account	2,500	-	-						
Add Transfer from Net Revenue A/c	1,310	17	5						
Management Commission Outstanding				3,810	17	5			
Freight Reserve (uncompleted Voyages)				1,245	6	6			
Net Revenue Account (Balance)				3,148	10	2			
				23,661	3	10			
				£198,167	8	11	£198,167	8	11

EXERCISE VII No 2

Dr		THE HANSARD ESTATE ACCOUNT						Cr		
		£	s	d			£	s	d	
19 July	To Balance	3	175	6	2	19 Aug	By Sundry Debtors	7	30	
Aug 2	Insurance	165	6	6	20 Sept		625	2	3	
2	Commiss on	8	10							
2	Insurance	31	3							
2	Commiss on	3		-						
18	J Gray	173	15	-						
23	Smith	42	14	-						
Sept 20	Goods	537	6	2						
		£4	137		10		£1	355	18 3	

Dr		J & W SHIRLEY						Cr		
		£	s	d			£	s	d	
19 Aug 17	To Bills Payable	220	14		19 Sept 20	By Balance c/d	950	15		
17		170								
Sept 13		125								
20	Goods	440	1							
		£950	15				£950	15		
Sept 20	To Balance b/d	950	15							

EXERCISE VII—No 13

BALANCE SHEET

LIABILITIES				ASSETS			
Sundry Creditors	£	s	d	Cash	£	s	d
Capital Accounts—	6	000		Bills Receivable	18	700	
W James	2	050			7	800	
F Edwards	4	100					
Morrison & Co	8	200					
Peters & Son	6	150					
	£	26	500		£	26	500

EXERCISE VII No 13 (could)

JOURNAL ENTRIES

19.		£	s	d	£	s	d
	SS <i>End</i>	20,000	-	-			
	To Capital Accounts—						
	W James 1				2,000	-	-
	F. Edwards 2				4 000	-	-
	Morrison & Co 4				8 000	-	-
	Peters & Son 3				6,000	-	-
	Cargo Account	6,000	-	-			
	To Sundry Creditors				6,000	-	-
	Voyage Account	7 400	-	-			
	To Cargo				6,000	-	-
	" Cash				400	-	-
	(Insurances on—						
	Cargo, 1% of £7,000 70						
	SS <i>End</i> 1½% of £22 000 330)						
	" SS <i>End</i>				1,000	-	-
	Cargo (Net Proceeds of Sale thereof)	7,000	-	-			
	Cash (Freight Outwards)	100	-	-			
	(Homewards)	800	-	-			
	To Voyage Account				7 900	-	-
	Cash	19 000	-	-			
	Voyage Account	1,000	-	-			
	To SS <i>End</i>				20 000	-	-
	Sundry Debtors	7 800	-	-			
	To Cargo Account				7 000	-	-
	" Freights Earned (Homewards)				800	-	-
	Bills Receivable	7 800	-	-			
	To Sundry Debtors				7 800	-	-
	Voyage Account	500	-	-			
	To Capital Accounts—						
	W James 1				50	-	-
	F Edwards 2				100	-	-
	Morrison & Co 4				200	-	-
	Peters & Son 3				150	-	-
	£	77 400	-	-	77,400	-	-

EXERCISE VII—No 15 (contd)

LEDGER

Dr.			CONSIGNMENT ACCOUNT			Cr		
19			£	s	d	19		
Jan 1	To Goods on C/mnt		230	3		Mar 13	By Ardkash r & Byjamji	£ 329
	Cash		19	15	11			
Mar 13	Ardkashir & Byjamji		34	5	5			
13	" Bal to Profit and Loss		39	15	3			
			£329	-	-			£329 - -

MESSRS ARDKASHIR & BYJAMJI

Dr.			CASH BOOK			Cr		
19			Rs	A	P	19		
Mar 13	To Sales		4 930	-		Mar 13	By Messrs Faudel Philips & Son— (For expenses as below)	Rs A P
							Landing Haulage etc.	18 - -
							Duty etc — 5%	246 12 -
							Bank Brokerage $\frac{1}{2}\%$	2 12 -
							By Faudel Philips & Son	4 420 12 -

EXERCISE VII—No 16

FORM OF ACCOUNT SALES

ACCOUNT SALES of 400 tons Iron ex S S *Dilwara* sold by B Ready
of Capetown for the account and risk of W Smith London

400 tons Iron @ £4/10/ per ton	£	s	d	£	s	d
				1 800	-	-
Charges						
Disbursements	20	16	8			
Commission— $2\frac{1}{2}\%$ of £1 800	45	-	-			
				65	16	8
E & O E				£ 1 734	3	4
CAPETOWN						
20th February 19						
B READY						
Draft forwarded for £1 734/3/4						

EXERCISE VII—No 16 (contd)

FORM OF DRAFT (BANKER'S)

07812

THE BANK OF SOUTH AFRICA

L 27/8731

CAPETOWN, 20th February, 19..

To the CASHIERS of the BANK OF ENGLAND

On demand pay this FIRST of Exchange, second unpaid, to the order of W Smith, One Thousand seven hundred and thirty-four pounds three shillings and fourpence Sterling, for value received

For the BANK OF
SOUTH AFRICA

STAMP
2D

Manager

£1,734 3 4

Accountant

W SMITH'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

19				19			
Jan		£	s d	Feb		£	s d
1	To 300 tons Iron @ £4 a ton	2,000	-	20	By B Ready (400 tons) (Iron @ £4½ a ton)	1,800	-
1	, B Ready (charges)	20	16 b		" 100 tons Iron @ £4 a ton	400	-
Feb 20	, B Ready (2½% of £1,800)	45					
20	, Bal to Profit and Loss	134	3 4				
		£2,200				£2,200	

Dr

B READY

Cr

19		£	s	d	19		£	s	d
Feb 20	To Consignment	1,800	-		Feb 20	By Consignment (charges)	20	16	8
					" 20	By Consignment (Commission)	45	-	
					" 20	" Balance c/d	1,734	3	4
		£1,800	-				£1,800	-	
Feb 20	To Balance b/d	£1,734	3	4	Feb 20	By Cash . . .	£1,734	3	4

EXERCISE VII No 17

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Dec 20	Joint Account To W A Sims For 159 cases of shells shipped by W A Sims per S S <i>Ajax</i> for sale of Joint Account	299	1	-	299	1	-
19 Feb 4	W A Sims To Bills Payable For bill accepted (No 319) presented by Chartered Bank	299	1	-	299	1	-
Mar 10	Watts & Co To Joint Account For sale of shells by Watts & Co at auction	366	8	-	366	8	-
" 10	Joint Account To Watts & Co For commission charged by Watts & Co	9	3	2	9	3	2
26	Joint Account To Commission	9	16	1	9	16	1
26	W A Sims To Joint Account For transfer of share of loss on venture	5	3	7	5	3	7
		£988	12	10	£988	12	10

MESSRS BURT & CO S LEDGER

Dr

JOINT ACCOUNT

Cr

		£	s	d		£	s	d
19 Dec 20	To W A Sims	299	1	-	19 Mar 10	By Watts & Co	366	8
19 Feb 4	Cash	83	7	6	20	Cash	30	-
Mar 14	Watts & Co	9	3	2	26	W A Sims	5	3
24	Cash	7	6	-		Bal to Profit and Loss	5	3
" 26	Commission	9	16	1				
		£411	15	3			£411	15

CAPITAL ACCOUNT

EXERCISE VII—No. 10

JOURNAL

CASH BOOK

(Credit Side)

LEDGER

Dr		CONSIGNMENT ACCOUNT		Cr	
To Goods on Consignment to L. R.	£ 1 200	s	d	By L. R.	£ 1 700
Cash (Charges)	50				
L. R.'s Expenses and Commissions	8s 3d				
Balance profit					
	£1 700				£1 700

EXERCISE VII—No 19 (contd)

Dr		L R		Cr			
To Consignment	£ 1,700	s -	d -	By Bills Receivable	£ 1,000	s -	d -
				" Consignment	85	s -	d -
				" Balance c/d	615	s -	d -
	£ 1,700	s -	d -		£ 1,700	s -	d -
To Balance b/d	615	s -	d -				

L R's BOOKS

JOURNAL

J M	£	s	d	£	s	d
To Bills Payable	1,000	-	-	1,000	-	-
Sundry Debtors	1,700	-	-	1,700	-	-
To J M						
J M	85	-	-	85	-	-
To Commission						
	£ 2,785	-	-	£ 2,785	-	-

LEDGER

Dr		J M			Cr			
To Commission	£ 85	s -	d -		By Sundry Debtors	£ 1 700	s -	d -
Bills Payable	1,000	-	-					
Balance c/d	615	-	-					
	£1 700	-	-			£1 700	-	-
					By Balance b/d	£615	-	-

EXERCISE VII—No 20

ACCOUNT SALES OF GOODS SOLD BY MR J ROWLAND DURBAN
S A FOR THE ACCOUNT AND RISK OF MESSRS ROBT PRENTICE & CO
LTD

	£	s	d	£	s	d
Sales				576	4	6
Value realized by Compensation under Surveyor's Certificate				10	16	3
				£587	-	9
<i>Charges etc</i>						
Wharf Charges	4	7	8			
Duty on £945 16s 6d @ 22½%	212	16	2			
Commission on £587 0s 9d @ 7½%	44	0	6			
				261	4	4
				£325	16	5

E & O E

Sight Draft for £325 16s 5d herewith
Durban S A
June 30th 19

LEDGER

Dr

MESSRS ROBT PRENTICE & CO LTD

Cr

	£	s	d		£	s	d
19 May				19 May 16	By Cash	4	50
June 30	To Wharf Charges	4	7 8	May 31	R Edwards	242	12 9
" 30	Duty	212	16 2	June 9	K Lane	194	16 5
" 30	Commission	44	- 6	24	D Carden	88	15 4
" 30	Bills Payable	325	16 5	24	Compensation	10	16 3
						£587	- 9

EXERCISE VII—No 21

The credit balance of the Debenture Redemption Fund Account of £41 645 should be transferred to a Capital Reserve and will be available for distribution as profit

EXERCISE VII—No. 22.

Dr		CAPITAL ACCOUNT					Cr		
19 Jan Dec Dec. 31	To Cash Balance c/d	£ 1 500 1,896	s - 14	d - 10	19 Dec 31 19 Dec 31	By Balance Profit and Loss	£ 2,206 1,190	s 14 -	d 10 -
		£3,396	14	10			£3,396	14	10
					19 Dec. 31	By Balance b/d	1 896	14	10

Dr		WOOL ETC., ACCOUNT				Cr	
19 Dec 31 19 Dec 31 31	To Balance " Interest on Advances " Profit and Loss	£ 45 200 950 3 850 £ 50,000	s - - - -	d - - - -	19 Jan Dec.	By Cash (Proceeds year's Sales)	£ 50,000 - - £ 50 000

Dr		ADVANCES ON WOOL ETC., ACCOUNT			Cr				
19 Jan -Dec	To Cash	£	s	d	19 Dec 31	By Balance	£	s	d
	(Loan repaid)	39 000	-	-			39,000	-	-
Dec. 31	, Cash (Interest)	950	-	-	19 Dec. 31	.. Wool, etc. account (Interest due)	950	-	-
		£ 39 950	-	-			£ 39 950	-	-

Dr		EXPORT TRADE ACCOUNT			Cr				
19 Jan -Dec	To Sundry Creditors (Goods purchased)	£	s	d	19 Jan -Dec.	By Export Agents " Goods (unsold) c/d	£	s	d
		24,000	-	-			22 500	-	-
"	" Cash (Freight)	2 760	-	-			5,700	-	-
"	" Cash (Insurance)	250	-	-					
"	" Profit and Loss	1 190	-	-					
		£					£		
		29 200	-	-			28 200	-	-
Dec 31	To Balance b/d (unsold Stock)	5,700	-	-					

Dr		EXPORT AGENTS			Cr				
19 Jan-Dec.	To Export Trade A/c	£ 22,500	s -	d -	19 Jan-Dec Dec. 31	By Bills Receivable Balance c/d	£ 21 000 1,500	s -	d -
		£ 22,500	-	-			£ 22 500	-	-
Dec. 31	To Balance b/d	1,500	-	-					

EXERCISE VII—No 22 (contd)

Dr **CONSIGNMENT ACCOUNT** *Cr*
(AUSTRALIAN)

		£	s	d			£	s	d
19 Dec 31	To Balance	10 000			19 Jan Dec.	By Cash	9 350		
19 Dec 31	Interest on Advances	400			19 Dec 31	(Net proceeds of Sales for year)			
						Profit and Loss	1 050		
		£ 10 400					£ 10 400		

Dr **BANK OF AUSTRALIA** *Cr*

		£	s	d			£	s	d
19 Jan Dec	To Cash	8 000			19 Dec 31	By Balance	8 000		
19 Dec 31	(Loan repaid)				19 Dec 31	Consignment	400		
	Cash (Interest)	400				(Interest due)			
		£ 8 400					£ 8 400		

Dr **SUNDRY CREDITORS** *Cr*

		£	s	d			£	s	d
19 Jan Dec	To Bills Payable	23 000			19 Dec 31	By Balance	3 500		
19 Dec 31	Cash	1 500			19 Jan Dec	Export Trade	24 000		
	Balance c/d	6 000					£ 27 500		
		£ 27 500			19 Dec 31	By Balance b/d	6 000		

Dr **BILLS RECEIVABLE ACCOUNT** *Cr*

		£	s	d			£	s	d
19 Dec 31	To Balance	3 250			19 Jan Dec	By Cash	7 500		
19 Jan Dec.	Export Agents	21 000			19 Dec 31	(Bills matured)			
						Cash (Bills sold)	12 000		
		£ 24 250				Balance c/d	1 750		
19 Dec 31	To Balance b/d	1 750					£ 24 250		

EXERCISE VII—No. 22 (contd.).

Dr		BILLS PAYABLE ACCOUNT				Cr			
19 Jan.-Dec. Dec. 31	To Cash " Balance c/d .	£ 24,000 3,500	s - -	d - -	19 Dec. 31 19 Jan.-Dec. Dec. 31	By Balance " Sundry Creditors	£ 7,500 20,000 27,500 3,500	s - - - -	d - - - -

OFFICE EXPENSES, SALARIES, AND RENT									
Dr		ACCOUNT						Cr.	
19		£	s	d	19		£	s	d
Jan.-Dec.	To Cash	2,350	-	-	Dec. 31	By Profit and Loss	2,350	-	-

Dr		INTEREST ACCOUNT						Cr		
19 Jan.-Dec.	To Discounting Bills of Exchange	£	s	d	19 Dec. 31	By Profit and Loss A/c .	£	s	d	
		450	-	-			450	-	-	

Dr		CASH BOOK (BANK COLUMN)				Cr			
19 Dec. 31 19 Jan. Dec. " "	To Balance " Bills Receivable Bills Receivable (Discounted) " Wool, etc., A/c Consignment A/c (Australian)	£ 1,106 7,500 15,000 10,000 9,300	s 14 - - -	d 10 - - -	19 Jan. Dec. " " " " " " Dec. 31	By Export Trade A/c Freight £2,760 Insurance 250 " Sundry Creditors Bills Payable Interest Charged by Bankers for Discounting Bills Advances on Wool etc. A/c Do. (Interest) " Bank of Australia (including int.) Office Exps., etc. " Drawings Balance c/d	£ 3,010 1,500 24,000 450 39,000 950 8,400 2,350 1,500 2,446	s - - - - - - - - 14	d - - - - - - - 10
		£ 53,606	14	10			£ 53,606	14	10
Dec. 21	To Balance c/d	2,446	14	-					

EXERCISE VII—No 22 (cont'd)

Dr	TRIAL BALANCE				Cr		
	£	s	d		£	s	d
Export Trade	4 510			Capital	706	14	10
Export Agents	1 500			Wool etc	3 850	-	
Consignment (Australia)	1 050			Sundry Creditors	6 000		
Interest	450			Bills Payable	3 500		
Bills Receivable	1 750						
Office Expenses etc	2 350						
Cash at Bank	2 446	14	10				
	£ 14 056	14	10		£ 14 056	14	10

PROFIT AND LOSS ACCOUNT

Dr	FOR THE YEAR ENDED 31ST DECEMBER 19				Cr		
	£	s	d		£	s	d
To Expenses etc	2	350		By Wool etc	3	850	
Interest Account		450		Export Trade		1	190
Cons/m't (Australia)	1	050					
Capital Account	1	190					
	£5	040			£5	040	-

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Bills Payable	3 500			Bills Receivable	1 750	-	-
Sundry Creditors	6 000			Export Agents	1,500		
Capital	1 896	14	10	Export Trade	5,700	-	-
				(Stock unsold)			
				Cash at Bank	2 446	14	10
	£ 11 396	14	10	£ 11 396	14	10	

EXERCISE VII—No 23

GEORGE HARGREAVES

Dr GRAVEL PIT WORKING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr

	£	s	d		£	s	d
To Rent (1 year)					196		
" Wages	247			By Sales of Gravel			
" Coal and Coke	20	5	5	(1 568 Loads @ 2/6 per load)			
" Implements	43	15	6	Gravel used on Contract	230	8	
" Sundries	11	11	1	(2,304 Loads @ 2/- per load)			
" Carting 2 304 Loads @ 4½ a load	43	4					
" Proportion of Equipment (24th of £552)	23						
" Interest Charged on Equipment	27	12					
(5% of £552)							
	£426	8			£426	8	

EXERCISE VII No 24

RHODES JOURNAL

19		£	s	d	£	s	d
	John James To Sales Value of invoice £367½ less 7½% (£27/11/3)	339	18		339	18	-
	John James To Discount 4% of £169/19/4 for 3 mos To Commission 1% of £169/19/4	3	8		1	14	-
	Bills Receivable To John James Bill drawn at 3 mos	173	7	4	173	7	4
	John James To Bills Receivable Withdrawal of original bill	173	7	4	173	7	4
	John James To Discount 6% of £123/17/4 for 3 mos To Commission 30% of £123/17/4	3	14		1	17	-
	Bills Receivable To John James For bill drawn @ 3 mos	127	1	4	127	1	4
		£820	16		£820	16	-

RHODES CASH BOOK
(DEBIT SIDE)

19		£	s	d
	To John James	169	19	3
	John James	50		-

LEDGER

Dr

JOHN JAMES

Cr

19		£	s	d	19		£	s	d
	To Sales	339	18	9		By Cash	169	19	3
	Discount	1	14			Bills Receivable	173	7	4
	Commission	1	14			Cash	50		
	Bills Receivable	173	7	4		Bills Receivable	127	1	4
	Discount	1	17						
	Commission	1	17						

EXERCISE VII - No 25

ACCOUNT SALLS of 125 Tons of STEEL BARS *ex SS Tantallan Castle*,
 sold by MESSRS MURRAY & Co Sydney for account and risk of
 Midland Steel Co England

19.		£			s			d.		
		£	s	d.	£	s	d.	£	s	d.
	25 tons Steel Bars @ £10 per ton				250	-	-			
	30 " " @ £9/10/- "				285	-	-			
	30 " " @ £9/5/- "				277	10	-			
	40 " " @ £9 " "				360	-	-			
					1 172	10	-			
	<i>Charges</i>									
	Landing Charges	15	-	-						
	Carting Charges.	10	-	-						
	Warehousing	6	-	-						
	Insurance	1	-	-						
	Advertising	5	-	-						
	Commission i.e. 5% of £1,172/10/-	58	12	6	95	12	6			
	E & O E				£1,076	17	6			

30 days' sight draft for £1,076/17/6 herewith.

MURRAY & Co,

July 1, 19..

Sydney

EXERCISE VII—No 26

LEWIS & CO S JOURNAL

19		£ s d			£ s d		
		£	s	d	£	s	d
	Armstrong & Sons To Sales Account For value of goods plus freight insurance etc etc sent to Messrs Armstrong & Sons of Iquique and agreeing to particulars of invoice	1 124	-		1 124	-	
	Bills Receivable To Armstrong & Sons Bill drawn on Armstrong & Sons for value of invoice	1 124	-		1 124	-	
	Bank Account To Bankers Advance Account For advance from bankers on security of documents relating to sales and bills drawn on Armstrong & Sons	650	-		650	-	
	Bank Account To Armstrong & Sons For receipt from Armstrong & Sons of half value of bill	562			562		
	Armstrong & Sons To Bills Receivable For withdrawal of original bill	1 124	-		1 124	-	
	Bills Receivable To Armstrong & Sons For new bill for half value of original bill plus interest at 6% for 6 months on amount	578	17	2	578	17	2
	Armstrong & Sons To Interest For charge of interest for 6 months at 6% on amount of bill	16	17	2	16	17	2
	Bankers Advance Account To Bank For repayment of loan	650	-		650	-	
	Bank Account To Bills Receivable For Messrs Armstrong & Sons acceptance duly honoured	578	17	2	578	17	2
		£6 408	11	6	£6 408	11	6

EXERCISE VII—No. 26 (contd)

ARMSTRONG & SONS' JOURNAL

19 .		£	s	d	£	s	d
	Purchases Account	1,124	-	-			
	To Lewis & Co				1,124	-	-
	For purchases from Lewis & Co, including freight, insurance, etc, etc, as per invoice						
	Lewis & Co	1,124	-	-			
	To Bills Payable				1,124	-	-
	For our acceptance of Lewis & Co's draft on us for value of goods as per invoice						
	Lewis & Co	562	-	-			
	To Bank				562	-	-
	For remittance to them of half value of bill						
	Bills Payable	1,124	-	-			
	To Lewis & Co				1,124	-	-
	For withdrawal of original bill						
	Lewis & Co	578	17	2			
	To Bills Payable				578	17	2
	For new bill for half value of withdrawn bill plus interest at 6% for 6 months on amount of bill						
	Interest Account	16	17	2			
	To Lewis & Co				16	17	2
	For their charge of interest on amount of bill at 6% for 6 months						
	Bills Payable	578	17	2			
	To Bank				578	17	2
	For payment of bill at maturity						
		£5 108	11	6	£5,108	11	6

EXERCISE VII—No 27

ACCOUNT SALES OF 65 CASKS OF PURE LARD ex SS *Rameses* sold by
Messrs Stephens & Sons of London on account and risk of Messrs
Williams & Co of New York

		£	s	d	£	s	d
A 1	65 casks Fine Lard—						
	Gross weight	185	0				
	Tare	28	2				
	Net weight	156	2				
	@ 42s 6d per cwt				332	11	2
	<i>Charges</i>						
	Freight	15	10	8			
	Marine Insurance—£350 @ 2½% (including Stamp 1/-)	4	8	6			
	Customs Dues		10	6			
	Unloading Weighing etc	5	12	6			
	Expenses of Sale	7	10	8			
	Fire Insurance	13	13				
	Brokerage (7½% of £332/11 3)	24	18	10			
	Commission (3% of £332/11/3)	9	19	6			
					77	14	2
					£254	17	1
E & O D	Messrs Stephens & Sons LONDON						

EXERCISE VII—No 28

R. RIGHTON'S LEDGER

Dr

CONSIGNMENT INWARDS ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To L. Atteck (600 barrels Flour @ 19 3)	577	10			By Sundry Debtors (375 barrels Flour @ 27/3)	442	16	3
	Cash	43	19	4		Sundry Debtors (275 barrels Flour @ 26 2)	358	10	10
	Commission (7½% of £802/12/1)	20	1	4					
	L. Atteck	161	1	5		Total Sales	£802	12	1
		£802	12	1					

EXERCISE VII--No. 28 (contd.)

Dr.		L AFFLECK			Cr				
19	To Cash	£	s	d	19	By Consignment Inwards	£	s	d
		738	11	5			577	10	-
							161	1	5
		£738	11	5			£738	11	5

Dr		CASH BOOK				Cr		
				19	By Consignment Inwards	£	s	d
					Freight	27	10	-
					Insurance	7	15	6
					Storage	8	13	10
					" L. Affleck	738	11	5

EXERCISE VII--No. 29

W WILLIAMS' LEDGER

Dr		CONSIGNMENT ACCOUNT					Cr				
19			£	s	d.	19		£	s	d.	
Mar 1	To Goods on C/mnt	2	580	7	6	May 1	By S Seigfried	3	312	19	6
	" Cash		120								
July 4	" Loss on Exchange		56	19	7						
	" Balance (gain) to Profit and Loss		155	12	5						
			£3,312	19	6				£3,312	19	6

Dr.		S SEIGFRIED				Cr			
19		£	s	d	19		£	s	d
May 1	To Consignment	3,312	19	6	May 1	By Bills Receivable	3,312	19	6

Dr		BILLS RECEIVABLE ACCOUNT				Cr			
19		£	s	d	19		£	s	d
May 1	To S Seigfried .	3,312	19	6	July 4	By Cash	3,255	19	11
						Loss on Exchange	56	19	7
		£3,312	19	6			£3,312	19	6

Dr		CASH BOOK						Cr		
19 July 4	To Bills Receivable .	£	s	d	19 Mar 1	By Consignment— (Carriage Freight, &c.)	£	s	d	
		3	25	11			120	-	-	

EXERCISE VII—No 29 (contd)

W WILLIAMS JOURNAL

		£	s	d	£	s	d
19 Mar 1	Consignment Account To Goods on Consignment <i>For consignment of 1 055 tons of iron @ 56s 6d per ton to S Seigfried of Hamburg</i>	2 980	7	6	2 980	7	6
May 1	S Seigfried To Consignment For value of sales less expenses as per Account Sales i.e.— Gross proceeds 69 420 marks Expenses 1 425 marks Commission 1 735 50 3 160 50 NET proceeds <u>66 259 50</u> 66 259 50 marks @ 1/- = £3 312/19/6	3 312	19	6	3 312	19	6
" 1	Bills Receivable To S Seigfried For acceptance at 2 months for amount as above	3 312	19	6	3 312	19	6
July 4	Loss on Exchange To Bills Receivable For loss on rate of exchange at due date i.e. 66 259 50 marks @ 20 35 whereas bill was made out @ 20 00	56	19	7	56	19	7
" 4	Consignment Account To Loss on Exchange For transfer of loss	56	19	7	56	19	7
		£9 720	5	8	£9 720	5	8

EXERCISE VII—No 30.

D_r Cr

ROBSON & DAY'S JOINT VENTURE ACCOUNT

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Jan 5	To Locomotive	£ 620	298	£ 196 100	19 June 28	By Locomotive	£ 710	94	£ 66,740
" 15	" Carriage	15	258	3,470	" 3	" 520 tons Rails @ £2/10/- per ton	1,040	27	49,140
Mar 18	" Storage	1	186	202	" 15	" 2 Cranes (price of each not given)	125	15	1,875
" 21	" Insurance	12	193	103	" 30	" Balance of 1 products			207,498
June 4	" Repairs	12	118	1,410					
July 4	" 520 tons Rails @ £2/5/- x ton	1,680	88	148,720					
July 27	" Landing Charges	30	65	1,950					
Aug 28	" Storage	3	53	152					
Sept 8	" 2 Cranes @ £35 each	110	22	2,420					
" 30	" Balance of Int $\left(\frac{207,498 \times 10}{73,000} \right)$	28	6	325,253					£ 125,253
" 30	" Balance c/d	143	9						
		£2,855					£2,855		
Sept 30	To R. Robson's Share of Profit on Venture	71	14	9	Sept 30	By Balance b/d	143	9	6
"	" D. Day's Share of Profit on Venture	71	14	9					
		£143	9	6			£143	9	6

JOINT VENTURE IN R ROBSON'S BOOKS

Dr

Cr

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Jan 5	To Locomotive	£ 620	268	£ 166 160	19 Sept 30	By 2 Cranes (price of each not given)	£ 120	13	£ 1 875
19 Jan 15	Carriage	15	258	3 870	30 Sept 30	Balance of Products due from D Day	748 18 3		1 72 637
19 Jan 27	Landing Charges	90	65	1 940					
19 Apr 28	Storage	3 10 6	33	1 132					
19 Sept 8	2 Cranes @ £55 each	110	27	2 420					
30	Balance of Int $\left(\frac{172 637 \times 10}{73 000} \right)$	23 13		£ 174 532					£ 174 532
30	Share of Profit on Venture	71 14 9							
		£ 873 18 3					£ 873 18 3		

Dr

JOINT VENTURE IN D DAYS BOOKS

Cr

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Mar 18	To Storage	£ 1 10 6	196	£ 392	19 Sept 30	By Locomotive	£ 710	94	£ 66 740
19 Mar 21	Insurance	12 6 8	183	1 831		520 tons Rails @ £3/10/- per ton	1 523	27	49 140
19 Jun 4	Repairs	12 8 6	113	1 416		Balance of Products			34 841
19 July 4	520 tons Rails @ £3/5 a ton	1 620	88	1 487 20					
19 Sept 30	Balance of Int $\left(\frac{34 841 \times 10}{73 000} \right)$	4 15 6		£ 1 50 721					£ 1 50 721
30	Share of Profit on Venture	71 14 9							
30	Balance due to R Robson	748 18 3							
		£ 2 530					£ 2 530		

EXERCISE VIII—No. 1.

For the definition of an Account Current, see *Advanced Accounts* (p. 247).

MARSHALL & CO

Dr	IN ACCOUNT CURRENT WITH YEADON & CO	Cr
	1890	
	Jan 1 Balance	100 00
	Feb 10 To Cash	50 00
	Mar 10 To Cash	75 00
	Apr 10 To Cash	100 00
	May 10 To Cash	125 00
	Jun 10 To Cash	150 00
	Jul 10 To Cash	175 00
	Aug 10 To Cash	200 00
	Sep 10 To Cash	225 00
	Oct 10 To Cash	250 00
	Nov 10 To Cash	275 00
	Dec 10 To Cash	300 00
	Total	2,000 00
	1891	
	Jan 1 Balance	100 00
	Feb 10 To Cash	50 00
	Mar 10 To Cash	75 00
	Apr 10 To Cash	100 00
	May 10 To Cash	125 00
	Jun 10 To Cash	150 00
	Jul 10 To Cash	175 00
	Aug 10 To Cash	200 00
	Sep 10 To Cash	225 00
	Oct 10 To Cash	250 00
	Nov 10 To Cash	275 00
	Dec 10 To Cash	300 00
	Total	2,000 00

Date.	Particulars	Mth	Amounts			Date	Particulars	Mth	Amounts		
			£	s	d				£	s	d
19 Jan 1	To Goods— due Mar 1					19 Feb 1	By Cash	5	2	1	8
Apr 1	Cash	3	3	6	8	Mar 1	Goods— due May 1	2	4	3	4
June 30	Goods				300	May 1	Goods— due May 1	2	1	13	4
"	Interest				7 1/2	June 30	" Interest				7 1/2
"	Balance c/d				10 1/2						
			£	399	1				£	807	11
E & O E.						June 30	By Balance c/d				
						Low Nov—1st July	YEA	D	O	N	& Co.

EXERCISE VIII—No. 2

TRUMPER & CO., MELBOURNE

Dr IN ACCOUNT CURRENT WITH ROBERTSON & Co Cr

Date	Particulars	Amount	Dys	Pro	Date	Particulars	Amount	Dys	Pro
19 Dec 31	To Balance	£ 500	-	0	19 Apr 10	By Bank Draft	£ 500	-	0
19 Jan 7	, Goods	300	-	0	30	" Balance of			
Apr 15	, Freight etc	150		0	30	Products			
" 30	, Bal of Int	11 10 6		0	30	, Balance c/d	561 10 6		0
		£ 961 10 6		0			£ 961 10 6		0
Apr 30	To Balance b/d	361 10 6		0					
E & A	O E				London—30th Apr	Robt. & Co.			

CHARLES DAWSON IN ACCOUNT CURRENT WITH ALFRED BROWN

Date	Particulars	Due Date	Amount	Days	Pro ducts	Particulars	Date	Amount	Days	Pro ducts
19 Jan 17	To Goods	Feb 1	£ 200	121	£ 24 200	19 Feb 1	By Cash	£ 50	-	£ 6 080
Apr 1	Cash	Apr 1	200	61	12 200	Mr 18	Goods	300	-	18 300
May 10	Goods	June 1	100	-	-	May 1	Balance of Products	180	-	4 680
June 1	Balance of Interest		1	4	-	June 1	Balance c/d	21	4	7 400
	$(7\ 400 \times 12)$		£ 84		£ 98 400			£ 521	4	£ 33 400
June 1	To Balance b/d		21	4						

12

EXERCISE VIII No 4

P PARKER IN ACCOUNT CURRENT WITH T TONGS

Date	Particulars	Due Date	Amount	Days	Pro ducts	Particulars	Date	Amount	Days	Pro ducts
19 July 3	To Goods	Oct 12	£ 175	181	£ 31 836	19 Aug 14	By Cash	75	-	£ 10 5 4
Sept 10	By/B	Oct 12	1 5	60	10 000	Sept 8	Goods	319	7	46 480
Oct 15	Cash	Nov 30	80	77	7 502	Nov 9		65	3	3 432
Nov 30	Goods	Nov 30	138	31	4 278	Dec 20		167	9	1 817
Dec 31	Int or Bal of Products		115	11	3 596			2	13	4 809
	$(4\ 809 \times 10)$		£ 4809		£ 57 120			£ 1	-	£ 57 120
Dec 31	To Balance b/d		22	13						

EXERCISE VIII—No. 5

5

W WOOD IN ACCOUNT CURRENT WITH C EVANS

10

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Per ducts.
19 July 5	To Goods	July 5	£ 183	9	10	19 Aug 17	By Cash	Aug 12	£ 66	18	9 447
" 8	" " " "	Oct 12	110	10	10	" Sept 7	" Goods	Sept 7	366	11	40 940
Sept 8	" RYE	Oct 12	99	9	11	" Nov 13	" " " "	Nov 13	92	3	4 464
Oct 12	" Cash	Nov 30	127	13	4	" Dec 11	" Bal. of Int (trial figs.)	Jan 11	155	5	1,716
" 30	" Goods	Nov 30	156	5	8	" " 31	" Bal. of (1,073 x 10)				494
Nov 30	" " " "	Jan 17	129	16	4	" " "	" Int (73,000)				
Dec 17	" Balance of Products					" " "	Balance c/d . . .		95	10	
" 31									£787	5	£55 345
Dec. 31	To Balance b/d		£8	10	11						

EXERCISE VIII—No 6

2

W WEST IN ACCOUNT CURRENT WITH E EASTON

67

Date	Particulars	Due Date	Amount	Days	Pro ducts
19 Jan 15	To Cash	19 Jan 10	£ 120	171	£ 20 520
19 Feb 4	"	19 Feb 15	2 11	135	30 750
19 Mar 16	"	19 Mar 21	9 6	101	30 401
19 Apr 20	"	19 Apr 18	300 15	73	20 148
19 June 30	Balance of Products	19 June 30	272 16		
"	Balance cfd	"	3 4		
			£ 950		£ 104 819
	By Balance b/d	June 30	173	4	

A NORTHCOLE IN ACCOUNT CURRENT WITH S ANDERSON

G

Date	Particulars	Due Date	Amount	Days	Pro ducts,	Date	Particulars	Due Date	Amount	Days	Pro ducts
19 Apr	To Draft (asight)		£ 200	9	£ 250	19 Apr	By Cash as per A/C Sales	18 Apr	£ 355	7	£ 2485
16 Apr	Charged as per A/C Sales	As Ist Column	127	11	152	2		22	2	10	225
18 Apr	Advertising		1	6	14	22		22	16	4	£ 780
25 Apr	Int as consigned (tal 64)		33	11	7	25		15 May	238	11	5483
	Bal of (£ 5483 x 10)		15		4780						
	Int (73000)										
	Total c/d		255	19	9						
			£ 609	18	1				£ 689	1	£ 106
									255	19	

TO JORDAN IN ACCOUNT CURRENT WITH T T FLOW

5

Date	Particulars	Due Date	Amount	Days	Interest	Date	Particulars	Due Date	Amount	Days	Interest
19 Jan 1	To Balance	Jan 1	£ 771	10	8	181		19 Feb 12	By A/S of Cotton	138	£ 19
23 Jan 1	Cash	Jan 23	45	8	6	158		10 Feb 30	Interest <i>s contra</i>	61	7
26 Feb 1	Cash	Mar 11	500	12	7	11		30 June 30	(<i>total figs</i>)		1
20 Feb 1	Ac Acceptance	Feb 26	52	12	7	124		30	Inte est		3
9 Mar 1	Ac Acceptance	May 12	100	10	5	49					
15 Apr 1	Cash	Apr 15	110	10	5	76					
16 Apr 1	Cash	May 10	92	16	8	51					
6 May 1	Ac Acceptance	May 10	200	12	3	42					
6 May 1	Inte est	Aug 1	29	12	3						
6 June 1	Balance c/l		87	4							
7 0			£ 905	11	5			June 30	By Balance b/d		£ 93

EXERCISE VIII—No 9

M GOODMAN IN ACCOUNT CURRENT WITH M BRESSLOFF

Cr

Dr		Particulars		Due Date	Amount	Days	Pro-ducts	Date	Particulars	Due Date	Amount	Days	Pro-ducts
19	Jan 12	To Goods		Mar 12	£ 420	110	£ 46,310	19	By Cash	Mar 10	£ 250	112	£ 28,000
	Feb 15	"		Apr 15	358	78	27,658		"	Apr 10	150	81	12,150
	Mar 21	"		May 21	238	40	9,580		"	May 6	240	55	13,750
	Apr 10	"		June 10	127	20	2,540		"	June 15	340	15	5,250
	June 30	" Balance of Interest		" 30	3				" Balance c/d	" 30	146		28,316
		(28,316 × 10 / 73,000)			5								
	June 30	To Balance b/d			£ 1,146		£ 85,466				£ 1,146		£ 85,466
					146								

EXERCISE VIII—No 10

C CEDAR IN ACCOUNT CURRENT WITH J. HUGHES

Cr.

Dr		Particulars		Due Date	Amount	Days	Pro-ducts	Date	Particulars	Due Date	Amount	Days	Pro-ducts
19	Jan 1	To Balance		Jan 1	£ 287	5	£ 43,488	19	By Net Proceeds A/S of Cotton	Feb 28	£ 865	10	£ 88,872
	Jan 26	" Cash		Apr 26	50	125	6,250		" Net Proceeds A/S of Cotton	May 31	1,017	8	4,500
	Feb 8	" Acceptances		Feb 25	500	95	11,970		" Int as conventional fig	" 31			4,908
	Feb 23	" Cash		June 8	125	8	4,600		" Balance of Products	" 31			
	Apr 6	" Acceptance		June 15	500	50	6,040						
	Apr 11	" Cash		Apr 11	120	2	4,520						
	May 31	"		May 11	225	20							
	" 31	" Bal of (4,908 × 10 / 73,000)			13	5							
	" 31	" Int			4	11							
	" 31	" Balance c/d			172		£ 98,278		By Balance b/d	May 31	£ 1,982	6	£ 98,278
					£ 1,982						172	4	

EXERCISE VIII No 11

FLOWERS & CO S LEDGER

Dr SIDE

J STEVART S DRAWINGS ACCOUNT

Date	Particulars	Amount			Days	Products
		£	s	d		£
19						
Jan 15	To Cash	35			350	12 250
Feb 20		45			314	14 130
Mar 18		35			288	10 080
Apr 20		25			255	6 375
May 13		26			237	6 032
June 15		15			199	2 985
July 20		42			164	6 888
Aug 17		34			136	4 674
Sept 21		32			101	3 232
Oct 14		28			78	2 184
Nov 18		35			43	1 505
Dec 21		38			10	380
31	Interest $\left(\frac{70\ 600 \times 10}{73\ 000}\right)$	9	13	7		
		£399	13	7		£70 665

L LOCKE IN ACCOUNT CURRENT WITH K KAY

Dr.

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts
19 Jan 1	To Balance	Jan 1	£ 125	3	11 340	19 Feb 10	By Cash	Feb 10	£ 70	—	—
Feb 12	Goods	Feb 12	62	6	2 961	Mar 5	"	Mar 5	61	—	—
Mar 31	" Balance of Interest ($\frac{9\ 610 \times 10}{73\ 000}$)	Mar 31	1	4		Mar 21	" Expenses	Mar 21	15	3	416
						"	" Postages	"	12	6	—
						"	" Commission	"	1	6	—
						"	" Balance of Products	"	2	6	9 610
						"	" Balance c/d	"	5	10	—
			£189	12	1				£189	12	1
											£14 301

EXERCISE VIII—No 13

Dr N NEWTON, MANCHESTER, IN ACCOUNT CURRENT WITH O OLDHAM, BOMBAY

Cr

Date	Particulars	Due Date	Amount	Days	Pro ducts	Date	Particulars	Due Date	Amount	Days	Pro ducts
19 Jan 27	To Net Proceeds of A/S of Cotton	Mar 15	£ 1 617	8	119 732	19 Jan 22	By Balance	Jan 22	£ 53	2	11
May 24	" Net Proceeds of A/S of Cotton	June 15	606	8	100,506	Mar 5	" Cash	Mar 5	27	16	4
						Feb 12	" Acceptance	Feb 12	250	—	—
						Mar 31	" Cash	Mar 31	106	12	6
						May 3	" Acceptance	May 3	230	—	—
						Apr 11	" Cash	Apr 11	250	—	—
						May 13	" Cash	May 13	152	3	11
						June 30	" Bal. of Principal (A) and Interest (B)	June 30	236	12	10
						"	"	"	8	14	11
						"	"	"	188	13	11
						"	"	"	£2 223	17	4
June 30	To Balance b/d		188	13	11				£2 223	17	4
											£220 128

(A) Balance of Principal = £2,223 less £2,026 = £197 To reduce to figure in Products column, Multiply £197 by 181, wh ch = 35 627

(B) Balance of Interest = £814/11 arrived at as follows $\left(\frac{69\ 831 \times 10}{73\ 000} \right)$

EXERCISE VIII—No 14

AVERAGE DUE DATES

ZERO DATES

Date	Item	Amount			JUNE 5		SEPTEMBER 18		AUGUST '07	
					Days	Products	Days	Products	Days	Products
19 June 5	Goods	£ 728	s 16	d 2		£	105	£ 76 335	82	£ 90 614
July 12		979	17	8	37	30 260	68	66 640	45	44 100
Aug 26	"	1 127	3	11	82	92 414	23	25 921	—	103 714
Sept 18	"	359	8	6	105	37 695			23	8 257
		£3 193	6	3		£166 369		£168 896		£95 457

June 5th + 52 days gives 27th July

Sept 18th 53 days gives 27th July

Aug 26th 30 days gives 27th July

EXERCISE VIII—No 15

Date	Item	Amount			Days	Products
19 June 5	Goods . . .	£ 355	s 9	d 10	Zero	£
8 "	" . . .	466	16	8	33	Date 15 411
Sept 11	" . . .	229	14	7	98	22 540
(1052 d	divided into 37 951 gives 36 dys	£1 052	1	1		£37 951
June 5 + 36 days	gives July 11)					

EXERCISE VIII—No 16

AVERAGE DUF DATT'S

Date	Item	Amount			Days	Pro- ducts.
19		£	s	d		£
Feb 15	Goods	375	2	9	Zero	Date
Mar 15	"	268	16	6	28	7,532
Apr 15	"	349	14	4	59	20,650
" "	"	186	3	7	59	10,974
(1,180 divided into 39 156 gives 33 days		£1,179	17	2		£39,156
∴ Feb 15	15 + 33 days + 6 mos gives Sept 20)					

EXERCISE VIII—No 17

Date	Item.	Due Date	Amount •			Days	Pro- ducts
19			£	s	d		£
Aug 12	Goods	Sept 12	156	15	9	Zero	Date
" 21	"	Oct 1	298	4	5	19	5,662
Sept 23	"	Nov 1	127	17	2	50	6,400
Oct 9	"	" 19	395	5	8	68	26,860
(38,922 - 978 gives 40 days			£978	3			£38,922
∴ Sept 12	12 + 40 days gives Oct 22						

EXERCISE VIII—No 18

FOREST & CO S LEDGER
E ELLIS S DRAWINGS ACCOUNT

(Dr side)

METHODS OF COMPUTATION

Date	Particulars	ACCOUNT CURRENT			ON SEPARATE ITEMS			AVERAGE DUE DATE			
		Amount	Days	Pro ducts	Interest on £ @ 5% for Days	Amount in £ s	Date	Particulars	Amount	Days	Pro ducts
19 Jan 11	To Cash	£ 25	354	8 850	0 484 93 × 25	1 212 325	19 Jan 11	To Cash	£ 25	344	8 600
15 Feb 15	"	15	319	4 785	0 426 98 × 15	6354 70	15 Feb 15	"	5	309	4 675
18 Mar 18	"	28	285	8 054	0 394 52 × 8	1 1046 58	18 Mar 18	"	28	278	7 784
13 Apr 15	"	22	292	6 550	0 358 90 × 25	8972 50	13 Apr 15	"	25	252	6 500
17 May 17	"	22	28	50 6	03 232 × 22	687104	17 May 17	"	22	218	4 798
20 June 20	"	3	194	4 8 0	0 65 75 × 25	684375	20 June 20	"	25	84	4 690
23 July 23	"	24	161	3 854	0 20 54 × 24	529 296	23 July 23	"	24	151	3 6 4
17 Aug 17	"	6	141	3 856	0 19 15 × 28	502190	17 Aug 17	"	23	131	3 408
14 Sept 14	"	21	108	2 258	0 14 794 × 21	3106 74	14 Sept 14	"	21	98	2 058
18 Oct 18	"	23	76	1 748	0 04 11 × 23	2794 53	18 Oct 18	"	23	68	1 518
15 Nov 15	"	28	49	1 288	0 06 101 × 28	1764 28	15 Nov 15	"	28	36	1 008
21 Dec 21	"	5	10	350	0 00 369 × 35	0479 15	21 Dec 21	"	35	Zero	Date
31 "	Interest						31 "	Interest	7		
		£ 304	7	£ 51 99		7 027 38					£ 48 329

Note—The Average Due Date gives 48 32 1/2 — 207 = 163 days
Interest being
Add Interest on £297 for 10 days

£ 304
7

£ 51 99
7 027 38

To Cash
Interest

£ 25
5
28
25
22
25
24
23
21
28
35
7

19 Jan 11
15 Feb 15
18 Mar 18
13 Apr 15
17 May 17
20 June 20
23 July 23
17 Aug 17
14 Sept 14
18 Oct 18
15 Nov 15
21 Dec 21
31 "

344
309
278
252
218
84
151
131
98
68
36
Zero

8 600
4 675
7 784
6 500
4 798
4 690
3 6 4
3 408
2 058
1 518
1 008
Date

£ 48 329

P PINE
IN ACCOUNT WITH F. ELLIOTT

Dr

Cr

Date	Item	Amount	Days	Products	Date	Item	Amount	Days	Products
18 Aug 12	Goods	£ 56	2	£ 112	19 Sept 20	Goods	£ 179	8	£ 1432
Sept 20		129	5	645	Oct 10		486	6	2916
Oct 15		285	17	4845	Nov 22		97	8	776
Nov 7		168	12	2016					
	Balance (due from Elliott)	£572	9	5148			£572	10	5720
									£3459

Dr

Cr

JONES IN ACCOUNT CURRENT WITH BROWN

Date	Particulars	Amount	Days	Products	Date	Particulars	Amount	Days	Products
19 Mar 15	to Cash	£650	291	£193150	19 Sept 1	By Sundry Debtors	£2868	6	£17208
1 June 1	Sundry Creditors	768	213	163644	Jan 1	(£ of £4281/10/10)	2868	9	25812
15 Sept 15	Cash	650	190	123500	"	Furniture (£ of £430/11/3)	939	6	5634
Dec 31	" Balance of Products	650	107	69550	"	Cash (£ of £562/10/5)	700	3	21420
	Balance c/d	2811	8	22488	Dec 31	Balance to In effect	61	8	488
				£1001357		($\frac{449.96 \times 10}{73.100}$)			
Dec 31	to Cash	4828	2	9656	Dec 31	By Balance b/d	4828	2	9656
		£1811	8	14488			£1811	8	14488

EXERCISE VIII—No 21

SYKES & SONS JOURNAL

		£	s	d	£	s	d
19 Feb 21	Consignment Account To Goods on Consignment For goods valued £850 sent to Bailey & Co their Belfast agent	850	—	—	850	—	—
21	Consignment Account To Bankers Discount For transfer of loss on discounting bill	14	3	4	14	3	4
Mar 31	Consignment Account To Bailey & Co For his notification to us of his having paid freight and landing charges on account of consignment	28	13	9	28	13	9
Aug 31	Bailey & Co To Consignment Account For gross proceeds as per Account Sales	1 056	—	—	1 056	—	—
31	Consignment Account To Bailey & Co Commission on £1 056 @ 3 %	31	13	7	31	13	7
		£1 980	10	8	£1 980	10	8

BILLS RECEIVABLE BOOK

No of Bill	Date	From whom Received	Term	Due Date	Fol	Amount	Remarks.
1	19 Feb 21	Bailey & Co.	4 mos	19 June 24		£ 850	Discounted same date Ret red June 24

EXERCISE VIII—No 21 (contd)

SYKES & SON'S LEDGER

Dr.		CONSIGNMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Feb 21	To Goods on C/mment	800	-	-	Aug 31	By Bailey & Co	1 005	-	-
" 21	" Cash (loss on Discounting Bill)	14	3	4		(Gross proceeds as per A/s)			
Mar 31	" Bailey & Co (Exps)	28	13	9					
Aug 31	" Bailey & Co (Commission)	31	13	2					
" 31	" Balance (profit) to Profit and Loss	131	9	4					
		£1 056	-	-			£1 056	-	-

Dr		BAILEY & Co						Cr	
19		£	s	d	19		£	s	d
June 24	To Cash	800	-	-	Feb 21	By Bills Receivable	800	-	-
Aug 31	" Consignment . . .	1 005	-	-	Mar 31	" Consignment	28	13	9
					May 31	" Cash	450	-	-
					Aug 31	" Consignment	31	13	7
					" 31	" Balance c/d	545	12	8
		£1 906	-	-			£1 906	-	-

Dr		CASH BOOK						Cr	
		Bank						Bank.	
19		£	s	d.	19		£	s	d.
Feb 21	To Bills Receivable	800	-	-	Feb 21	By Banker's Discount	14	3	4
May 31	Bailey & Co	450	-	-	June 24	Bailey & Co (bill retired)	650	-	-

EXERCISE VIII—No 22

ACCOUNT SALES OF 25 CHESTS OF INDIGO sold by Henry Crichton & Son
on account and risk of Thos Ruffles

	£	s	d	£	s	d
25 Chests of Indigo				1 246	10	8
<i>Charges</i>						
Dock Dues and Insurance	8	10	11			
Cartage	2	15	6			
Storage	3	4	7			
Commission (3% of £1 246/10/8)	37	7	11			
<i>Del credere</i> Commission (2½% of £1 246/10/8)	31	3	3			
				83	2	2
				£1 163	8	6
E & O E						
Bill at three months for £1 163/8/6 enclosed herewith						
HENRY CRICHTON & SON						

EXERCISE VIII—No 22 (a)

THOS RUFFLES BOOKS (LEDGER)

Dr		CONSIGNMENT ACCOUNT				Cr	
		£	s	d			
19 Feb '91	To Goods on C ment (25 chests Tea @ £51 per cht)	1 275			19 May 18	By Hy Cr chton & Son (Gross Proceeds as per A/S)	1 246 10 8
21 May 18	Cash (Freight)	12	12	6	18	Balance (Loss) to Profit and Loss	124 4 -
" 18	Hy Cr chton & & Son (Expenses)	14	11				
	Hy Cr chton (Commissions)	68	11	2			
		£1 370	14	8			£1 370 14 8

Dr				CRICHTON & SON				Cr			
19 May 18	To Consignment	£ 1 246	s 10	d 8	19 May 18 18 18	By Consignment	£ 14 68 1 163	s 11 11 8	d. 2 6		
		£1 246	10	8		Bills Receivable	£1 246	10	8		

EXERCISE VIII—No. 22 (a) (contd.)

THOS RUFFLES' JOURNAL

		£	s	d	£	s	d
19							
Feb 21	Consignment Account. To Goods on Consignment For 25 chests indigo forwarded to H Crichton & Son	1,275			1,275		
May 18	Crichton & Son To Consignment Account For gross proceeds as per A/S	1,246	10	8	1,246	10	8
" 18	Consignment Account To Crichton & Son For expenses as enumerated in A/S, i.e. Dock Dues and Insurance £8/10/11 Cartage £2/15/6 Storage £3/4/7	14	11		14	11	
" 18	Consignment Account. To Crichton & Son For Commission as under— 3% of gross proceeds as per A/S £37/7/11 2½% of gross proceeds as per A/S (being <i>del credere</i> Commission) £31/3/3	68	11	2	68	11	2
" 18	Bills Receivable To Crichton & Son Acceptance at 3 mos for NET proceeds as per Account Sales Bill dated Ap 20	1 163	8	6	1 163	8	6
		£3 768	1	4	£3,768	1	4

EXERCISE VIII—No. 22 (b)

CRICHTON & SON'S BOOKS (LEDGER)

Dr		THOS RUFFLES			Cr	
19		£	s	d	19	
Apr 20	To Cash	14	11		Apr 20	By Sundry Debtors
" 20	" Commission	68	11	2		1 246
" 20	" Bills Payable	1 163	8	6		10
		£1 246	10	8		8

EXERCISE VIII—No 22 (b) (contd)

CRICHTON & SON'S JOURNAL

		£	s	d	£	s	d
19 Apr 20	Sundry Debtors To Thos Ruffles . . For sale to sundry debtors of goods received on consignment from Thos Ruffles	1 246	10	8	1 246	10	8
.. 20	Thos Ruffles To Cash For expenses enumerated below— Dock Dues and Insurance £8/10/11 Cartage £2/15/6 Storage £3/4/7	14	11	—	14	11	—
.. 20	Thos Ruffles To Commission Account For 3% of gross proceeds of sales to debtors i.e. 3% of £1 246/10/8 = £37/7/11 and 2½% (<i>del credere</i>) commission being 2½% of £1 246/10/8 = £31/3/3	68	11	2	68	11	2
.. 20	Thos Ruffles To Bills Payable . . For bill at 3 mos for NET proceeds of account sales	1 163	8	6	1 163	8	6
		£2 493	1	4	£2 493	1	4

EXERCISE VIII—No 23

JOURNAL ENTRIES

		£	s	d	£	s	d
19							
Jan 5	Consignment Account	750	2	9			
	To Goods on Consignment				698	14	8
	Commission				17	9	4
	Insurance				7	10	-
	Freight				26	8	9
.. 6	Bills Receivable	750	2	9			
	To Ah Hee				750	2	9
June 4	Ah Hee	812	18	2			
	To Consignment				812	18	2
	For value of goods sent \$5 455						
	= (750 2 9 plus share of profit \$460	(2,313	3	8	(2,313	3	8
	= £62,15 5						

STATEMENT OF CONVERSIONS

	Rate	\$	£	s	d
Gross Proceeds	2/9	6 872 52	944	19	2
Less Charges i.e \$326 17 + \$171 82	2/9	497 99	68	9	5
NET Proceeds	2/9	6 374 53	876	9	9
Less Cost of Goods (including Expenses)	2/9	5 455 54	750	2	9
Profit on Venture	2/9	918 99	126	7	-
Actual HALF share	2/9	459 49 1/2	63	3	6
No. of DOLLARS as share	2/9	460 00	63	5	-
Discounted 5th June	2 8 1/2	\$460 00	£62	15	5

LEDGER

Dr				CONSIGNMENT ACCOUNT				Cr			
19				19				19			
Jan 5	To Goods on C/mnt	£	s	d	June 4	By Ah Hee	£	s	d		
	" Commission	698	14	8			812	18	2		
	" Insurance	17	9	4							
	" Freight	7	10	-							
	" Freight	26	8	9							
	" Balance to Profit and Loss	62	15	5							
		£812	18	2			£812	18	2		
Dr				CASH ACCOUNT				Cr			
19				19				19			
Jan 6	To Bills Receivable	£	s	d	Jan 10	By Insurance	£	s	d		
June 4	Ah Hee	750	2	9	10	Freight	7	10	-		
		62	15	5			26	8	9		

EXERCISE VIII—No 24

I SOLOMON S JOURNAL

		£	s	d	£	s	d
19 Feb 1	Consignment Account To Goods on Consignment For consignment to Davis & Co Bombay 320 cases brandy @ 23/6 per case F O B	376	—	—	376	—	—
" 15	Davis & Co To Consignment For gross proceeds as per account sales	456	6	8	456	6	8
" 15	Consignment To Davis & Co For expenses and commission as per account sales	18	10	—	18	10	—
		£850	16	8	£850	16	8

ACCOUNT SALES of 320 cases Wine and Spirit sold by Messrs Davis & Co of Bombay for the account and risk of Messrs Isaac Solomon London

19	320 cases Brandy @ 18½ rupees a case				R 5 920	—	—
	<i>Charges</i>						
	Delivery Rent	R 32	—	—			
	Postage	8	—	—			
	Commission—R ½ per case	200	—	—			
					240	—	—
	<i>Net Proceeds</i>				R 5 680	—	—
E. & O E	BOMBAY						
	15th February						
Dates	have been assumed DAVIS & Co						

I SOLOMON S LEDGER

Dr		CONSIGNMENT ACCOUNT						Cr		
		£	s	d			£	s	d	
19 Feb 1	To Goodson C ment	376	—	—	19 Feb 15	By Davis & Co	456	6	8	
" 1	Cash	13	10	6						
" 15	Davis & Co	18	10	—						
	Balance to Profit and Loss	48	4	2						
		£456	6	8			£456	6	8	

EXERCISE VIII—No 24 (contd)

Dr				DAVIS & Co.				Cr			
19 Feb 15	To Consignment	£	s	d	19 Feb 15	By Consignment	£	s	d		
		436	6	8	" 15	" Cash . .	18	10			
							437	16			8
		£436	6	8			£436	6			8

Dr				CASH BOOK				Cr			
19 Feb 15	To Davis & Co (Sight Draft of £437/16/8 for Rs 5 680 converted at 1/6½ per rup)	£	s	d	19 Feb 1	By Consignment (For disburse- ments for— Insurance £4/17/6 Freight £8/15/)	£	s	d		
		437	16	8			13	12			8

EXERCISE VIII—No 25

JOHNSON GIBBS & CO's JOURNAL

19			£	s	d	£	s	d
Jan 1	Consignment Account	.	106	16	7			
	To Goods on Consignment	.				93	6	—
	" Freight	.				12	16	7
	" Bill of Lading	.					2	6
	" Insurance	.					11	6
	For particulars of invoice of goods sent to Messrs Larrissa & Co Bombay		£106	16	7	£106	16	7

MESSRS JOHNSON GIBBS & CO's LEDGER

Dr				CONSIGNMENT ACCOUNT				Cr			
19 Jan 1	To Goods on C/ment	£	s	d							
	" Freight	93	6	—							
	" Bill of Lading	12	16	7							
	" Insurance		2	6							
			11	6							

EXERCISE VIII—No 26

CONSIGNEE'S JOURNAL

MESSRS LARRISSA & CO

		Rs	A	P		Rs	A	P
19 Feb 15	Sundry Debtors To Messrs Johnson Gibbs & Co	1 708	11	8		1 708	11	8
	Messrs Johnson Gibbs & Co To Import Duty Rent Insurance and Commission For expenses and commission etc as set forth in Account Sales	187	15	3		17 170	1 13	4 11
		Rs 1 896	10	11		Rs 1 896	10	11

CONSIGNEE'S LEDGER

Dr

MESSRS JOHNSON GIBBS & CO

Cr

19 Feb 15	To Duty Insurance " Cash	Rs 17 10 15 70	A 1 13 1 7	P 4 11 5	19 Feb 15	By Sundry Debtors	Rs 1 708	A 11	P 8
		Rs 1 708	11	8			Rs 1 708	11	8

Note—Above calculations are in Indian currency

CONSIGNOR'S LEDGER

Dr

CONSIGNMENT ACCOUNT

Cr

19	To Goods on C/mnt	£ 106	s 16	d 7	19	By Larrissa & Co Balance to Profit and Loss	£ 101	s 7	d 8
		£ 106	16	7			5	8	11
							£ 106	16	7

Dr

MESSRS LARRISSA & CO

Cr

19 Feb 15	To Cons. ment	£ 101	s 7	d 8	19 Feb 15	By Cash	£ 101	s 7	d 8
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EXERCISE VIII—No 27

LUX & LUCIFER'S LEDGER

Dr				Consignment Account				Cr			
19 Feb 1	To Goods on C/mnt (500 Lamps @ 18/- each)	£ 450	s -	d -	19 Apr 4	By M. Marconi (Amount recd from Undwts)	£ 72	s -	d -		
	" Cash	8	13	6		" M. Marconi (For his sale of 250 Lamps)	240	-	-		
Apr 4	" M. Marconi	21	2	-		" Stock of 125 Lamps @ 18/- each c/d	112	10	-		
						" Proportion of Expenses c/d (i.e. $\frac{1}{3}$ of £4/13 6)	2	9	5		
						" Balance to Profit and Loss	53	2	1		
		£479	15	6			£479	15	6		

Dr				M. MARCONI				Cr			
19 Apr 4	To Consignment	£ 72	s -	d -	19 Apr 4	By Consignment	£ 21	s 2	d -		
"		240	-	-	"	" Cash	290	18	-		
		£312	-	-			£312	-	-		

Dr				CASH BOOK				Cr			
19 Apr 4	To M. Marconi	£ 290	s 18	d -	19 Feb 1	By Consignment— Freight £5/18 6 Insur £2/1s	£ 8	s 13	d 6		

EXERCISE VIII—No 28

Dr				JOINT VENTURE				Cr			
19 .	To Shares A/c (A)	£ 150	s -	d -	19	By Shares A/c (B)	£ 96	s 15	d -		
	" C $\frac{1}{4}$ share of	22	15	-		" (C)	475	10	-		
	" D $\frac{1}{4}$ " (Profit)	45	10	-		" C, 30 sh. @ 30/-	45	-	-		
						" D, 60 " @ 30/-	90	-	-		
		£257	5	-			£257	5	-		

(A) Purchase of 1 000 Shares @ 30/- + Expenses £10 (B) Sale of 600 Shares @ 32/6, less Expenses £7/5/- (C) Sale of 310 Shares @ 31/- less Expenses £5

EXERCISE VIII—No 28 (contd.)

Dr		BANK ACCOUNT				Cr			
19	To C 1 Shares A/c	£ 503 1 006 967 475	s 6 13 15 10	d 8 4 —	19	By Shares A/c C D	£ 1 510 481 962	s — 1 3	d 8 4
		£2 953	5				£2 953	5	

Dr				C				Cr			
19	To Joint A/c Bank	£ 45 481	s — 1	d — 8	19	By Cash Joint A/c	£ 503 22	s 6 15	d 8		
		£526	1	8			£526	1	8		

Dr				D				Cr			
19	To Joint A/c Bank	£ 90 46	s 3 3	d 4	19	By Cash Joint A/c	£ 1 006 45	s 13 10	d 4		
		£1 059	3	4			£1 052	3	4		

EXERCISE VIII—No 29

Dr				JOINT ACCOUNT				Cr			
19	To Cash	£	s	d	19	By Syndicate	£	s	d		
		478				White	2 000				
	Loss on Shares	22	-			(For balance taking	30				
	Balance to Capital Accounts	950				over balance					
	(For transfer of Profit)					of Stock)					
	Black $\frac{1}{2}$ share	293	-								
	White $\frac{1}{2}$	293	-								
		£2 036					£2 036				

Dr				CAPITAL ACCOUNT—BLACK				Cr			
19	To Syndicate share Cash	£ 0 93	s — —	d — —	19	By Cash Share of Profit of Joint A/c	£ 300 50 293	s — — —	d — — —		
		£643					£643				

EXERCISE VIII—No 29 (contd)

Dr		CAPITAL ACCOUNT—WHITE					Cr.		
19	To Joint Account	£	s	d	19	By Cash	£	s	d
	" Cash	36	-	-		" Share of Profit	100	-	-
		407	-	-		of Joint Venture	293	-	-
		£443	-	-			£443	-	-

Dr		SYNDICATE ACCOUNT			Cr				
19	To Joint Account	£	s	d	19	By Cash	£	s	d
		2,000	-	-		" Shares	1 000	-	-
							1,000	-	-
		£2 000	-	-			£2,000	-	-

Dr		SHARES ACCOUNT			Cr				
19	To Syndicate (For 1 000 shares of £1 fully paid)	£	s	d	19	By Black (Shares taken over at agreed valuation)	£	s	d
		1 000	-	-		" Joint Account (For transfer of loss of shares)	850	-	-
		£1 000	-	-			£1 000	-	-

Dr		CASH BOOK				Cr			
19 .	To Black's Cap A/c	£	s	d	19	By Joint A/c (A)	£	s	d
	" White's "	300	-	-		" (B)	478	-	-
	" Black's "	150	-	-		" Black's Cap A/c	22	-	-
	" Syndicate	50	-	-		" White's "	593	-	-
		1,000	-	-			407	-	-
		£1 500	-	-			£1,500	-	-

(A) Cost of Purchases and Experiments (B) Patent Fees paid by White

Note—The question seems to suggest that White contributed a further £22 but as sufficient cash was available at the time the sum has been regarded as having been paid by WHITE out of such funds

EXERCISE VIII—No 30

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Jan 4	Joint Account To A Lemoine	254	12	6	254	12	6
10	J Carey To Joint Account	138	10	6	138	10	6
14	Joint Account To J Carey	4	8	4	4	8	4
16	Joint Account To A Lemoine	31	4		31	4	
30	A Lemoine To Joint Account	428 4	15 1	4 9	428 4	15 1	4 9
		£439	17	1	£432	17	1

Dr

CASH BOOK

Cr

19 Jan 16	To Joint Account	£ 237	s 4	d 6	19 Jan 7	By Joint Account	£ 4	s 6	d 2
30	A Lemoine	4	1	9	16	A Lemoine	50		
					30	Joint Account	8	16	6

LEDGER

Dr

JOINT ACCOUNT

Cr

19 Jan 4	To A Lemoine	£ 254	s 12	d 6	19 Jan 10	By Carey J	£ 138	s 10	d 6
7	Cash	4	6	2	16	Cash	237	4	6
9		50							
14	J Carey	4	8	4					
" 16	A Lemoine	31	4						
	Balance c/d	31	4						
		£375	15				£375	15	
Jan 30	To Cash	8	3	6	Jan 30	By Balance b/d	31	4	
"	Balance to Profit and Loss	27	2	3		A Lemoine	4	1	9
		£3	5	9			£35	5	9

EXERCISE VIII—No 30 (contd)

Dr		A LEMOINE					Cr		
19 Jan 16	To Cash . . .	£ 285	s 16	d 6	19 Jan 4 " 16	By Joint Account " (Share of Profit on venture)	£ 284 31	s 12 4	d 6 -
		£285	16	6			£285	16	6
Jan 30	To Joint Account	4	1	9	Jan 30	By Cash . . .	4	1	9

Note—It has been assumed that A Lemoine has refunded £4 1s 9d, which was an amount included in balance sent him on 16th—being in excess of correct amount

EXERCISE IX—No 1

THE SECTIONAL SYSTEM OF BALANCING is a system wherein accounts are classified and grouped under particular categories for facility in control of posting

Personal Accounts are classified into those of Debtors and Creditors and a separate ledger is kept for each. The purpose served by this method is to prove each ledger independently, which purpose is effected by an adjustment account

The advantages of Sectional Balancing are—

(a) Errors are localized to each separate ledger and reduce the necessary scope of investigation to one or other of the numerous ledgers, for all ledgers are self-balancing

(b) Economy of time and effort are effected. The clerical staff can be conveniently allocated to writing up the various ledgers etc as against the loss of time caused by members of the staff waiting to do work in the LEDGER while some other member is entering up "or" posting"

The alterations in X Y Z & Co's books necessary to make them completely sectional balancing are—

(a) To reduce the "Private and Nominal" Ledger to two ledgers, i.e. (1) 'Private' and (2) 'Nominal'

(b) The Journal and Bank Cash Books to have appropriate analysis columns for all ledgers kept (See also *Advanced Accounts* Chapter IX.)

EXERCISE IX—No 2

This question is explained fully in Chapter IX of *Advanced Accounts*

EXERCISE IX—No 3

The uses of the JOURNAL are adequately dealt with in Chapter I of *Advanced Accounts*

The entries to be found in the JOURNAL of a business in which ledgers are balanced independently will be found elaborated in Chapter IX of *Advanced Accounts*

EXERCISE IX—No 4

J GARSID'S SALES (DEBTORS) LEDGER

GENERAL LEDGER ADJUSTMENT ACCOUNT									
Dr					Cr				
		£	s	d			£	s	d
19					19				
Jan 31	To Returns Inwards	842	-	-	Jan 1	By Balance	12 542	-	-
31	" Cash	15 621	-	-	31	Sales	21 658	-	-
" 31	" Discounts Allowed	968	-	-	31	Bills Receivable (dishonoured)	542	-	-
" 31	" Bills Receivable	3 471	-	-					
" 31	" Balance c/d	13 740	-	-					
		£ 34 742					£ 34 742		
					Jan 31	By Balance b/d	13 740		

EXERCISE IX—No 5

SALES JOURNAL

Date	No of Invoice	Particulars	Fol	Total	TOWN LEDGER								
					Mantles			Dress Materials			Felts		
				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

Date	No of Invoice	Particulars	Fol	Total	COUNTRY LEDGER								
					Mantles			Dress Materials			Felts		
				£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d

Note.—It is probable that a separate JOURNAL would be kept for each, as illustrated.

EXERCISE IX--No 6.

(DEPT SIDE)

BANK CASH BOOK

LEDGERS

[illegible]

(CREDIT LINE)

[illegible]

To show above in relation to the Self-balancing of Ledgers, it would be necessary to post to accounts in the ordinary way, and then to show the "aggregate figures" of each analysis column in the relative adjustment accounts.

EXERCISE IX--No 7

SALES BOOK

TRIAL BALANCE Debits

19			£	s	d			£	s	d
Mar	6	J Crow	175	6			J Crow	128	10	
	10	J Finch	192	13	4		J Finch	180	13	4
	11	L Lark	50				R Rob n	100		
	14	R Rob n	135	11	8					
	18	J Crow	28	0						
							General Ledger	£409	3	4
			£570	1	8		Adjustment A c Cr	409	3	4

CASH BOOK

Date	Particulars	Fol	Debet	Amount	Date	Particulars	Fol	Amount
19 Mar 2	To J Crow		£ 10 12 6	£ 210	19 Mar 6	By J Crow		£ 1 13 4
7	T Foch		3 17 6	147		(Carr age)		
17	R. Robn			35 11 8	31	Balance c/d		723 8 4
21	J Jay			25 10				
27	J Crow			77				
		£ 14 10		£ 7 5 1 8			£ 725	1 8
Mar 31	To Bat b/d			723 8 4				

SALES LFD CER

 D_T

JAMES CROW

C_r

19			£	s	d	19			£	s	d
Mar	1	To Balance	220	17	6	Mar	2	By Cash	10		
	6	Sa es	175	6	8		2	Discount	10	12	6
	6	Cash (Carriage)	1	13	4		27	Cash	77		
	18	Sa es	28	10			31	Balance c/d	128	10	
			£426	2	6				£476	2	6
Mar	31	To Balance b 1	128	10							

Dr

THOMAS FINCH

C₂

19 Mar 10	To Balance	£	s	d	19 Mar 7	By Cash	£	s	d
	Sales	150	17	6	7	D account	3	17	6
		180	13	4	31	Balance c/d	180	19	4
		£331	10	10			£331	10	10
Mar 31	To Balance b/d	180	13	4					

Dr

JOHN LAY

Cr

19 Mar 1	To Balance	£ 270	s 4	d 6	19 Mar 21	By Cash	£ 255	s 10	d -
						Bad Debts	14	14	6
		£2 0	4	6			£270	4	6

EXERCISE IX—No 7 (contd.).

Dr		L. LARK			Cr				
19 Mar 11	To Sales . . .	£ 50	s -	d -	19 Mar 31	By Bought Ledger Adjustment (Amt transfd)	£ 50	s -	d -

Dr		R. ROBIN					Cr		
19 Mar 14	To Sales . . .	£ 135	s 11	d 8	19 Mar 17 " 31	By Cash " Balance c/d	£ 35 100	s 11 8	d - 8
		£135	11	8			£135	11	8

Note—L. Lark's item has been regarded as one requiring transfer to the Bought Ledger hence difference from the figure in *Advanced Accounts* list of Answers

Either answer is correct

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT			Cr		
19		£	s	d	19		£ s d
Mar 31	To Cash	725	1	8	Mar 1	By Balance	641 14 6
" 31	Discounts	14	10	-		(Total of Sales Ledger Bal. b/f)	
" 31	Bad Debts	14	14	6	" 31	" Sales (Total of Sales Book)	570 1 8
" 31	" Bought Ledger Adjustment A/c	50	-	-	" 31	" Cash (Amount paid on account of carriage)	1 13 4
" 31	" Balance c/d	409	3	4			
		£1 213	9	6	Mar 31	By Balance b/d	409 3 4

EXERCISE IX—No 8

MESSRS JAMES OGDEN & CO'S SALES LEDGER

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT								Cr.	
19			£	s	d	19			£	s	d
Dec 31	To Returns Inwards		691	12		June 30	By Debtor Balances		28 394	12	6
" 31	" Cash		41 344	8	6	Dec 31	" Sales		58 421	10	8
" 31	" Discounts allowed		1 504	9	3	" 31	" Bills Receivable (dishonoured)		290		
" 31	" Bills Receivable		4 210	1	2	" 31	" Sundry Charges		29	4	6
" 31	" Bad Debts		942	10							
" 31	" Balance c/d		38 702	6	9						
		£	87,395	7	8			£	87 395	7	8
						Dec. 31	By Balance b/d		38 702	6	9

EXERCISE IX—No 8 (contd)

MESSRS JAMES OGDEN & CO'S GENERAL LEDGER

Dr SALES LEDGER ADJUSTMENT ACCOUNT Cr

19		£	s	d	19		£	s	d
June 30	To Debtors Bal	28 394	12	6	Dec 31	By Returns Inwards	691	12	
Dec. 31	Siles	58 421	10	8	31	Cash	41 344	8	6
31	B's Receivable	550	-		31	Dcts allowed	1 504	9	3
	(D showned)				31	B's Receivable	4 210	1	2
31	Sundry Charges	29	4	6	31	Bad Debts	942	10	
					31	Balance c/d	38 702	6	9
		£ 87 395	7	8			£ 87 395	7	8
Dec 31	To Balance b/d	38 702	6	9					

EXERCISE IX—No 9

PURCHASES BOOK

BOUGHT LEDGER
TRIAL BALANCE

19		£	s	d			£	s	d
Jan 3	S Smith	78	13	2		S Smith	76	13	2
10	P Brown	134	16	8		B Brown	134	16	8
17	J Jones	55	2	11		J Jones	80	8	2
21	T Thompson	66	4	9		T Thompson	66	4	9
24	H Hewitt	173	12	3		H Hewitt	226	10	3
30	L Lovejoy	157	6	10		L Lovejoy	157	6	10
		£ 663	16	7			£ 741	19	10

RETURNS OUTWARDS BOOK

19		£	s	d			£	s	d
Jan 11	J Jones	13	14	8		General Ledger Adj			
18	L Lovejoy	17	6	11		justment A/c	£ 741	19	10
		£ 31	1	7					

Dr CASH BOOK

Cr

		Date	Particulars	Dcts	Bank
19				£ s d	£ s d
Jan 5	By L. Lovejoy	10		9 4 9	175 10 10
17	H Hewitt				50
19	T Thompson			2 14 2	51 9 7
23	J Jones				40
25	B Brown			3 18 3	74 6 5
31	S Smith			10 6 11	196 10 9
				£ 26 4 1	£ 87 17 -

EXERCISE IX—No 9 (contd)

BILLS PAYABLE BOOK

No of Bill	Date	To Whom Given	Tenor	Due Date	Fol	Discount	Amount
1	19 Jan 4	Brown, A . .				£ 3 18 6	£ 74 12 -
2	" 26	Hewitt, M. . .				3 5 9	62 9 9
						£ 7 4 3	£ 137 1 9

Dr GENERAL LEDGER ADJUSTMENT ACCOUNT Cr

19 Jan 1	To Ledger Balances	£ 887 12 8	19 Jan 31	By Returns	£ 31 1 2
" 31	Purchases (as per Purchases Book)	663 16 7	" 31	" Cash	587 17 7
			" 31	" Discs received	33 8 4
			" 31	" Bills Payable	177 1 9
			" 31	" Balance c/d	741 19 10
		£ 1 531 9 1			£ 1 531 9 1
Jan 31	To Balance b/d	741 19 10			

A ALLCOTT'S BOUGHT LEDGER

Dr S SMITH Cr

19 Jan 31	To Cash	£ 198 19 9	19 Jan 1	By Balance	£ 206 17 8
" 31	" Discount	10 6 11	" 3	" Purchases	78 13 2
" 31	" Balance c/d	76 13 2			£ 283 10 10
		£ 283 10 10	Jan 31	By Balance b/d	76 13 2

Dr B BROWN Cr

19 Jan 4	To Bills Payable	£ 74 12 8	19 Jan 1	By Balance	£ 156 15 2
" 4	" Discount	3 18 6	" 10	" Purchases	134 16 8
" 25	" Cash	74 6 5			£ 291 11 10
" 25	" Discount	3 18 3			£ 291 11 10
" 31	" Balance c/d	114 16 8	Jan 31	By Balance b/d	134 16 8
		£ 291 11 10			

Dr J JONES Cr

19 Jan 11	To Returns O/w'd	£ 13 14 8	19 Jan 1	By Balance	£ 78 19 11
" 23	" Cash	40 - -	" 17	" Purchases	55 2 11
" 31	" Balance c/d	80 8 2			£ 134 2 10
		£ 134 2 10	Jan 31	By Balance b/d	80 8 2

EXERCISE IX—No 9 *contd*)

Dr			T THOMPSON			Cr		
19			£	s	d	19		
Jan 19	To Cash	51	9	7	Jan 1	By Balance	54	3
19	Discount	2	14	2	21	Purchases	66	4
31	Balance c/d	66	4	9				
		£120	8	6			£120	8
					Jan 31	By Balance b/d	66	4
								9

Dr			H HEWITT			Cr		
19			£	s	d	19		
Jan 12	To Cash	50			Jan 1	By Balance	169	13
26	Bills Payable	62	9	9	24	Purchases	173	12
26	Discount	3	5	9				
31	Balance c/d	296	10	3				
		£342	5	9			£342	5
					Jan 31	By Balance b/d	226	10
								3

Dr			L LOVEJOY			Cr		
19			£	s	d	19		
Jan 5	To Cash	175	10	10	Jan 1	By Balance	202	2
5	Discount	9	4	9	30	Purchases	157	6
28	Returns Outwards	17	6	11				
31	Balance c/d	157	6	10				
		£359	9	4			£359	9
					Jan 31	By Balance b/d	157	6
								10

EXERCISE IX—No 10

PURCHASES BOOK

BOUGHT LEDGER
TRIAL BALANCE*Credits*

19			£	s	d				£	s	d
Mar 4	L. Luke	247	9	3		L. Luke	202	8	9		
11	M. Matthew	65	14	8		M. Matthew	366	8	8		
18	J. John	73	10	2		J. John	73	10	2		
27	M. Mark	127	6	11		M. Mark	127	6	11		
29	P. Paul	48	15	6		P. Paul	48	15	6		
30	S. Silas	165	18	10		S. Silas	235	9	7		
		£728	15	4			£1 153	19	7		

RETURNS OUTWARDS BOOK

Debits

19			£	s	d				£	s	d
Mar 13	P. Paul	27	10	6		General Ledger Adjustment A/c	1 153	19	7		
27	M. Matthew	36	15	2							
		£64	5	8							

EXERCISE IX—No 10 (contd)

Dr		CASH BOOK		Cr.	
		Date	Particulars	Debit	Credit
	19			£	s
	Mar 6		By S. Silas	80	-
	" 13		" P. Paul	114	7 10
	" 20		" M. Mark	196	10 -
	" 24		" J. John	176	13 -
	" 25		" M. Matthew	100	-
	" 31		" L. Luke	50	-
				£ 25	13 2
				717	10 10

BILLS PAYABLE BOOK

No of Bill	Date	To Whom Given	Tenor	Due Date	Fol	Discount			Amount		
1	19					£	s	d	£	s	d
2	Mar 12	L. Lule				8	-	10	132	16	-
	23	S. Solas				10	6	10	19	9	1
						18	7	8	349	5	1

P ZUCKER S BOUGHT LEDGER

<i>Dr</i>		L LUKE					<i>Cr</i>		
19		£	s	d	19		£	s	d
Mar 12	To Btl's Payable	152	16		Jan 1	By Balance	265	16	4
" 12	Discount	8		10	Mar 4	" Purchases	247	9	3
" 31	Cash	50							
" 31	Balance c/d	302	8	9					
		£513	5	7			£513	5	7
					Mar 31	By Balance b/d	302	8	9

Dr M. MATTHEW

19 Mar 25 " 27 " 31	To Cash Returns O/wards " Balance c/d	£ 100 36 366	s - 15 8	d - 2 8	19 Jan 1 Mar 11	By Balance " Purchases	£ 437 65	s 9 14	d 2 8
		£903	3	10			£503	3	10
					Mar 31	By Balance b/d	366	8	8

EXERCISE IX—No 10 (contd)

Dr			J JOHN			Cr				
19			£	s	d	19				
Mar 24	To Cash	176	13			Jan 1	By Balance	185	18	11
24	D scout	5	5	11		Mar 18	Purchases	73	10	2
31	Balance c/d	73	10	2						
		£259	9	1				£259	9	1
						Mar 31	By Balance b d	73	10	2

Dr			M MARK			Cr		
19			£	s	d	19		
Mar 20	To Cash	196	10			Jan 1	By Balance	200
20	D scout	10	6	10		Mar 22	Purchases	127
31	Balance c/d	127	6	11				
		£334	3	9				£334
						Mar 31	By Balance b/d	127

Dr			P PAUL			Cr				
19			£	s	d	19				
Ma 13	To Retu ns O wards	27	10	6		Jan 1	By Bal nce	147	15	9
13	Cash	114	7	10		Mar 25	Pur hases	48	15	6
13	D scout	6		5						
31	Balance c/d	48	15	6						
		£196	14	3				£196	14	3
						Mar 31	By Balance b d	48	15	6

Dr			S SILAS			Cr				
19			£	s	d	19				
Ma 6	To Cash	80				Jan 1	By Balance	356	5	8
25	Bills Payable	196	9	1		Ma 30	Purchases	165	18	10
25	D scout	10	6	10						
31	Balance c/d	235	9	7						
		£522	5	6				£522	5	6
						Mar 31	By Balance b/d	235	9	7

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr		
19			£	s	d	19		£	s	d
Jan 1	To Ledger Balances	1 600	6	8		Mar 31	By Returns O'wards	64	5	8
Mar 31	„ Purchases	798	15	4		31	Cash	717	10	10
						31	D debts receiv'd	44		10
						31	Bills Payable	349	5	1
						31	Balance c/d	1 153	19	7
			£2 399	2				£2 399	2	
Mar 31	To Balance b/d	1 153	19	7						

SALES LEDGER
TRIAL BALANCE

Debate

		£	s	d
19				
July 3	B Beard . . .	82	10	8
" 10	C Cowan . . .	74	2	11
" 17	D Doggett . . .	165	17	4
" 21	E Eley . . .	120	13	6
" 24	F Foxwell . . .	88	18	8
" 30	G Graves . . .	99	19	9
		£612	2	10

		£	s	d
B Beard . . .		82	1	4
C Cowan . . .		137	10	11
D Doggett . . .		165	17	4
E Eley . . .		120	13	6
F Foxwell . . .		118	18	8
G Graves . . .		99	19	9
		£725	1	6

RETURNS INWARDS BOOK				
		£	s	d
19				
July 4	G Graves . . .	23	19	11
" 23	C Cowan . . .	16	12	9
		£40	12	8

		Credits		
		£	s	d
General Ledger Adj.				
justment A/c		725	1	6

C.

Date	Particulars	Disct.	Bank.						
19		£	s	d	£	s	d		
July 5	To G Graves	8	2	3	154	2	6		
" 12	F Foxwell				50				
" 19	" E Eley	4	17	8	92	16	2		
" 23	" D Doggett	4	5	3	80	19	3		
" 25	" C Cowan	2	17	6	54	12	8		
" 31	" B Beard				40				
		£	20	2	8	472	10	7	

No of Bill	Date	From Whom Received	Tenor	Due Date	Fol	Discount			Amount		
1	19 July 6	F Foxwell				£	s	d	£	s	d
2	" 26	B Beard				4	15	9	90	19	3
						3	6	10	63	9	10
						£8	2	7	£154	9	3

EXERCISE IX—No 11 (contd)

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
July 31	To Returns Inwards	40	12	8	July 1	By Ledger Balances	808	16	5
31	Cash	472	10	7	31	Sales	612	2	10
31	Discount allowed	28	5	3					
31	Discount Receivable	154	9	3					
31	Balance c/d	72	1	6					
		£140	19	3			£1420	19	3
					July 31	By Balance b/d	725	1	6

E BROCKWELL'S SALES LEDGER

Dr		B BEARD						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	126	7	4	July 26	By Bills Receivable	63	9	10
3	Sales	69	10	8	" 26	Discount	3	6	10
					31	Cash	40		
					31	Balance c/d	82	1	4
		£88	18				£183	18	
July 31	To Balance b/d	82	1	4					

Dr		C COWAN						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	137	10	11	July 23	By Returns Inwards	16	10	9
10	Sales	74	2	11	23	Cash	54	12	8
					25	Discount	2	17	6
					31	Balance c/d	137	10	11
		£211	13	10			£211	13	10
July 31	To Balance b/d	137	10	11					

Dr		D DOGGETT						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	8	4	6	July 23	By Cash	80	19	3
17	Sales	165	17	4	23	Discount	4	5	3
					31	Balance c/d	165	17	4
		£251	1	10			£251	1	10
July 31	To Balance b/d	165	17	4					

Dr		E ELEY						Cr	
19		£	s	d	19		£	s	d
July 1	To Balance	97	13	10	July 19	By Cash	97	16	2
" 21	Sales	190	13	6	19	Discount	4	17	8
					31	Balance c/d	120	13	6
		£218	7	4			£218	7	4
July 31	To Balance b/d	190	13	6					

EXERCISE IX--No 11 (contd)

<i>Dr</i>		F FOXWELL					<i>Cr</i>		
19 July 1	To Balance . . .	£ 175	15	2	19 July 6	By Bills Receivable	90	19	5
" 24	" Sales . . .	88	15	8	" 6	" Discount	4	15	9
					" 12	" Cash	50		
					" 31	" Balance c/d	118	14	8
		£264	13	10			£264	13	10
July 31	To Balance b'd	118	18	8					

Dr		G GRAVES					Cr		
19 July 1	To Balance . .	£	s	d	19 July 4	By Returns Inwards	£	s	d
		186	4	8		Cash	23	19	11
" 30	" Sales	99	19	9	" 5	" Discount	151	2	6
					" 5	" Balance c/d	8	2	3
					31		99	19	9
		<u>£286</u>	<u>4</u>	<u>5</u>			<u>£286</u>	<u>4</u>	<u>5</u>
July 31	To Balance b/d	99	19	9					

EXERCISE IX—No. 12

SALES BOOK

SALES LEDGER TRIAL BALANCE

					Debits				
					<i>£</i>	<i>s</i>	<i>d</i>		
19			<i>£</i>	<i>s</i>	<i>d</i>				
Oct 4	A Andrews	185	12	11	A Andrews	223	8	3	
" 11	B Bonnie	195	10	10	B Bonnie	196	10	10	
" 18	C Carter	156	11	5	C Carter	156	11	5	
" 22	O Orlord	163	12	7	O Orlord	163	12	7	
" 25	P Peel	199	19	9	P Peel	199	19	9	
" 31	T Turner	147	17	6	T Turner	227	13	-	
		£1 090	5	2			£1 167	17	1

RETURNS INWARDS BOOK

			£	s	d
19 Oct 8	P Pool . .		15	14	7
" 23	B Buisse . .		16	10	8
			£32	5	3

BILLS RECEIVABLE BOOK

No. of Bill	Date	From Whom Received	Tenor	Due Date	For	Discount	Amount
1	19	A Andrews				£ 4 8 9	£ 82 8 3
2	Oct 7 29	T Turner				3 15 8	71 17 10
						£8 2 7	£154 6 3

EXERCISE IX—No 12 (contd)

CASH BOOK
(DEBIT SIDE)

Date	Particulars	Fol	Discount			Bank		
			£	s	d	£	s	d
19 Oct 6	To T Turner					70	—	—
13	P Peel		5	11	1	105	10	—
20	O Orford		10	7	8	197	5	6
24	C Carter		8	8	10	160	7	10
27	B Binmie		8	2	3	154	2	6
31	A Andrews					30	—	—
			£32	9	10	£737	6	1

G GARDENER'S SALES LEDGER

Dr					A. ANDREWS					Cr		
		£	s	d			£	s	d			
19 Oct 1	To Balance	174	10	6	19 Oct 7	By Bills Receivable	82	8	5			
4	Sales	185	12	11	7	D discount	4	6	9			
					31	Cash	50					
					31	Balance c/d	223	8	3			
		£360	3	5			£360	3	5			
Oct 31	To Balance b/d	223	8	3								

Dr					B. BINNIE					Cr		
		£	s	d			£	s	d			
19 Oct 1	To Balance	178	15	5	19 Oct 23	By Returns Inwards	16	10	8			
11	Sales	196	10	10	27	Ca b	154	2	6			
					27	D discount	8	2	3			
					31	Balance c/d	196	10	10			
		£375	6	3			£375	6	3			
Oct 31	To Balance b/d	196	10	10								

Dr					C. CARTER					Cr		
		£	s	d			£	s	d			
19 Oct 1	To Balance	168	16	8	19 Oct 24	By Cash	160	7	10			
18	Sales	156	11	5	24	D discount	8	8	10			
					31	Balance c/d	156	11	5			
		£35	8	1			£35	8	1			
Oct 31	To Balance b/d	156	11	5								

EXERCISE IX—No 12 (contd)

EXERCISE IX—No 12 (contd.)

Dr

O ORFORD

Cr

19		£	s	d	19		£	s	d
Oct 1	To Balance	207	13	2	Oct 20	By Cash	197	5	6
" 22	" Sales	163	12	7	" 20	" Discount	10	7	8
					" 31	" Balance c/d	163	12	7
		£371	5	9			£371	5	9
Oct 31	To Balance b/d	163	12	7					

Dr		P PEEL				Cr			
		£	s	d			£	s	d
19					19				
Oct 1	To Balance	126	15	11	Oct 8	By Returns Inwards	15	14	7
" 25	" Sales . . .	199	19	9	" 13	" Cash	103	10	3
					" 13	" Discount	5	11	1
					" 31	" Balance c/d	199	19	9
		£326	15	8			£326	15	8
Oct 31	To Balance b/d	199	19	9					

Dr		T TURNER						Cr		
		£	s	d			£	s	d	
19					19					
Oct 1	To Balance	185	10	10	Oct 6	By Cash	70	-	-	
" 31	" Sales	187	17	8	" 29	" Bills Receivable	71	17	10	
					" 29	" Discount	3	15	8	
					" 31	" Balance c/d	227	15	-	
		£373	8	6			£373	8	6	
Oct 31	To Balance b/d	227	15							

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT				Cr		
		£	s	d		£	s	d
19					19			
Oct 31	To Returns Inwards	32	5	3	Oct 1	By Ledger Balances	1 042	2 6
" 31	" Cash	737	6	1	" 31	" Sales	1,090	5 2
" 31	" Discs Allowed	40	12	3				
" 31	" Bills Receivable	154	6	3				
" 31	" Balance c/d	1 167	17	10				
		£2 132	7	8	Oct 31	By Balance b/d	1 167	17 10

EXERCISE IX—No 13

PURCHASES BOOK

19		£	s	d
Jan 1-31	Horsham	274		
	Piggott	998		
	Manton	237		
	Coles	196		
	Day	189		
	Bullen	285		
		£1 479		

SALES BOOK

19		£	s	d
Jan 1-31	Moore	276		
	Roberts	365		
	Harrison	198		
	Squires	457		
	Farrow	584		
	Lonsdale	343		
		£2 223		

BOUGHT LEDGER
TRIAL BALANCE

19		£	s	d
	Horsham	274		
	Piggott	298		
	Manton	237		
	Coles	196		
	Day	189		
	Bullen	285		
	General Ledger Adjustment A/c	1 479		
		£1 479	£1 479	

SALES LEDGER
TRIAL BALANCE

19		£	s	d
	Moore	276		
	Roberts	365		
	Harrison	198		
	Squires	457		
	Farrow	584		
	Lonsdale	343		
	General Ledger Adjustment A/c			2 223
		£2 223		£2 223

Dr (RECEIPTS)

CASH BOOK

(PAYMENTS) Cr

Name of Account	Dis- count	Bank	Sales Led	Gen Led	Name of Account	Dis- count	Bank	Bought Led	Gen Led
To Balance		£1 725		£1 725	By Horsham	£11	£225	£236	£
Moore	28	546	574		Piggott	17	333	350	
Roberts	10	196	206		Manton	13	259	272	
Harrison	29	469	495		Coles	15	299	314	
Squires	18	351	369		Day	14	271	285	
Farrow	28	545	573		Bullen	13	250	263	
Lonsdale	21	407	428		Sundry Exps		263		263
					Graham's				
					Drawings		35		35
					Winder's				
					Drawings		35		35
					Salaries		75		75
					Wages		125		125
					Balance c/d		2 066		2 066
	£134	£4 236	£ 645	£1 725		£83	£4 236	£1 720	£2 599
Jan 31 To Bal b/d		2 066		2 066					

EXERCISE IX—No 13 (contd.)

OPENING ENTRIES

GENERAL LEDGER
TRIAL BALANCE

		£	£			£	£
19							
Jan 1	Cash . . .	1 725		Cash . . .		2,066	
	Stock . . .	2 750		Discounts Allowed .		134	
	Debtors . . .	2 645		Stock . . .		2 750	
	Plant and Machinery	2,550		Purchases . . .		1,479	
	To Creditors . . .		1,720	Sundry Expenses . . .		263	
	" Capital A/cs—			Salaries . . .		75	
	Graham . . .		3 975	Wages . . .		125	
	Winder . . .		3 975	Plant and Machinery		2 550	
		£9 670	£9,670	Sales Ledger Adjust A/c		2,223	
				Graham's Drawings .		35	
				Winder's Drawings .		35	
				Sales . . .			2,223
				Discounts Received .			83
				Bought Ledger Adjust A/c			1,479
				Capital Accounts—			
				Graham . . .			3 975
				Winder . . .			3,975
						£11,735	£11,735

Messrs Graham & Winder

TRADING ACCOUNT

FOR MONTH ENDING 31ST JAN, 19 .

		£	s	d
(Dr. side)	To Stock 1st Jan	2 750	-	-
	Purchases . . .	1 479	-	-
	Wages . . .	125	-	-
	" Balance (gross profit) c/d	1 019	-	-
		£5,373	-	-
(Cr side)	By Sales . . .	2 223	-	-
	" Stock, 31st Jan	3 150	-	-
		£5,373	-	-

Messrs Graham & Winder

PROFIT AND LOSS ACCOUNT

Dr FOR THE MONTH ENDED 31ST JANUARY, 19 . Cr

		£	s	d			£	s	d
To Discounts Allowed		134	-	-	By Trading Account		1 019	-	-
" Sundry Expenses (including £125 due)		263	-	-	" Discounts Received .		83	-	-
" Salaries . . .		75	-	-					
" Provision for Bad Debts Res.		100	-	-					
" Depreciat on of Plant (12% of £2 550 for 1 mth)		25	10	-					
" Interest on Capital A/cs—									
Graham . . .		16	11	3					
Winder . . .		16	11	3					
" Balance (net profit) to Cap Accounts—									
Graham, $\frac{1}{2}$ share		173	3	9					
Winder, " . . .		173	3	9					
		£1 102	-	-			£1 102	-	-

EXERCISE IX—No 13 (contd)

Messrs Griham & Winder

BALANCE SHEET AS AT 31ST JANUARY 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Sundry Creditors	1 479	—	—	Cash	2 066	—	—
Reserve for Out standing Exps	125	—	—	Debtors	2 123	—	—
Capital Accounts—				Stock	3 150	—	—
Graham	4 129	15	—	Plant & Machinery			
Winder	4 129	15	—	(NET)	2 524	10	—
	£9 863	10	—		£9 863	10	—

BOUGHT LEDGER

Dr

HORSHAM

Cr

19		£	s	d	19		£	s	d
Jan —	To Cash	225	—	—	Jan 1	By Balance	236	—	—
—	D'scount	11	—	—	—	Purchases	274	—	—
" 31	Balance c/d	2 4	—	—			£510	—	—
		£210	—	—	Jan 31	By Balance b/d	274	—	—

Dr

PIGGOTT

Cr

19		£	s	d	19		£	s	d
Jan —	To Cash	333	—	—	Jan 1	By Balance	350	—	—
—	D'scount	17	—	—	—	Purchases	298	—	—
" 31	Balance c/d	298	—	—			£648	—	—
		£648	—	—	Jan 31	By Balance b/d	298	—	—

Dr

MANTON

Cr

19		£	s	d	19		£	s	d
Jan —	To Cash	259	—	—	Jan 1	By Balance	272	—	—
—	D'scount	17	—	—	—	Purchases	237	—	—
" 31	Balance c/d	257	—	—			£509	—	—
		£509	—	—	Jan 31	By Balance b/d	237	—	—

EXERCISE IX—No. 13 (contd)

Dr			COLES			Cr		
19			£	s	d	19		
Jan —	To Cash		299	—	—	Jan 1	By Balance	£ 314
" —	Discount		15	—	—	" —	" Purchases	196
" 31	Balance c/d		196	—	—			
			£ 510	—	—			£ 510
						Jan 31	By Balance b/d	196

Dr			DAY			Cr		
19			£	s	d	19		
Jan —	To Cash		271	—	—	Jan 1	By Balance	£ 263
" —	" Discount		14	—	—	" —	" Purchases	189
" 31	" Balance c/d		189	—	—			
			£ 474	—	—			£ 474
						Jan 31	By Balance b/d	189

Dr			BULLEN			Cr		
19			£	s	d	19		
Jan —	To Cash		250	—	—	Jan 1	By Balance	£ 263
" —	" Discount		13	—	—	" —	" Purchases	285
" 31	" Balance c/d		285	—	—			
			£ 548	—	—			£ 548
						Jan 31	By Balance b/d	285

Dr			GENERAL LEDGER ADJUSTMENT ACCOUNT			Cr		
19			£	s	d	19		
Jan 1	To Balance		1 720	—	—	Jan 31	By Cash	£ 1 637
" 31	" Purchases		1 479	—	—	" 31	" Discount	83
						" 31	" Balance c/d	1 479
			£ 3 199	—	—			£ 3 199
Jan 31	To Balance b/d		1 479	—	—			

SALES LEDGER

Dr			MOORE			Cr		
19			£	s	d	19		
Jan 1	To Balance		274	—	—	Jan —	By Cash	£ 246
" —	" Sales		216	—	—	" 31	" Discount	28
							" Balance c/d	276
			£ 830	—	—			£ 830
Jan 31	To Balance b/d		276	—	—			

EXERCISE IX—No 13 (*contd*)

<i>Dr</i>		ROBERTS						<i>Cr</i>		
19 Jan 1	To Balance	£ 208	s -	d -	19 Jan 31	By Cash	£ 196	s -	d -	
" -	Sales	365	- -		" -	Discount	10	- -		
						Balance c/d	365	- -		
		£ 571	- -				£ 571	- -		
Jan 31	To Balance b/d	365	- -					- -		

<i>Dr</i>		HARRISON						<i>Cr</i>		
19 Jan 1	To Balance	£ 495	s -	d -	19 Jan 31	By Cash	£ 466	s -	d -	
" -	Sales	198	- -		" -	Discount	29	- -		
						Balance c/d	198	- -		
		£ 693	- -				£ 693	- -		
Jan 31	To Balance b/d	198	- -					- -		

<i>Dr</i>		SQUIRES						<i>Cr</i>		
19 Jan 1	To Balance	£ 363	s -	d -	19 Jan 31	By Cash	£ 351	s -	d -	
" -	Sales	457	- -		" -	Discount	14	- -		
						Balance c/d	457	- -		
		£ 820	- -				£ 820	- -		
Jan 31	To Balance b/d	457	- -					- -		

<i>Dr</i>		FARROW						<i>Cr</i>		
19 Jan 1	To Balance	£ 573	s -	d -	19 Jan 31	By Cash	£ 545	s -	d -	
" -	Sales	584	- -		" -	Discount	28	- -		
						Balance c/d	584	- -		
		£ 1157	- -				£ 1157	- -		
Jan 31	To Balance b/d	584	- -					- -		

<i>Dr</i>		LONSDALE						<i>Cr</i>		
19 Jan 1	To Balance	£ 428	s -	d -	19 Jan 31	By Cash	£ 407	s -	d -	
" -	Sales	343	- -		" -	Discount	21	- -		
						Balance c/d	565	- -		
		£ 771	- -				£ 771	- -		
Jan 31	To Balance b/d	343	- -					- -		

EXERCISE IX—No 13 (contd)

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr.		
19		£	s	d	19		£	s	d	
Jan 31	To Cash	2 511	-	-	Jan 1	By Ledger Balances	2 645	-	-	
" 31	Discounts	134	-	-	" 31	" Sales	2 223	-	-	
" 31	Balance c/d	2 223	-	-		(as per SalesBk)				
		£4 868	-	-			£4 868	-	-	
					Jan 31	By Balance b/d	2,223	-	-	

Dr.		GENERAL LEDGER STOCK ACCOUNT						Cr		
19		£	s	d						
Jan 1	To Balance	2 750	-	-						

Dr		PURCHASES ACCOUNT						Cr.		
19		£	s	d						
Jan 31	To Sundries	1,478	-	-						

Dr		SALES ACCOUNT						Cr.		
					19		£	s	d	
					Jan 31	By Sundries	2,223	-	-	

Dr		DISCOUNTS RECEIVED ACCOUNT						Cr		
					19		£	s	d	
					Jan 31	By Sundries	63	-	-	

Dr		DISCOUNTS ALLOWED ACCOUNT						Cr		
19		£	s	d						
Jan 31	To Sundries	134	-	-						

Dr		SUNDRY EXPENSES ACCOUNT						Cr		
19		£	s	d						
Jan —	To Cash	263	-	-						

Dr		WAGES ACCOUNT						Cr		
19		£	s	d						
Jan —	To Cash	125	-	-						

EXERCISE IX—No 13 (contd)

Dr		SALARIES ACCOUNT						Cr		
19 Jan —	To Cash	£	75	s	—	d				

Dr		PLANT AND MACHINERY ACCOUNT						Cr		
19 Jan 1	To Balance	£	2 550	s	—	d				

Dr		PARTNERS DRAWINGS ACCOUNT						Cr		
19 Jan —	To Cash (Graham)	£	35	s	—	d				
	(Winder)	35	—	—						

Dr		CAPITAL ACCOUNT—GRAHAM						Cr		
						19 Jan 1	By Balance	£	3 975	s — d —

Dr		CAPITAL ACCOUNT—WINDER						Cr		
						19 Jan 1	By Balance	£	3 975	s — d —

Dr		BOUGHT LEDGER ADJUSTMENT ACCOUNT						Cr		
19 Jan 31	To Cash	£	1 637	s	—	d	19 Jan 1	By Ledger Balances	£	1 720
31	Discts Received	83	—	—			31	Purchases	1 479	—
" 31	Balance c/d	1 479	—	—					£3 199	—
		£3 199	—	—			Jan 31	By Balance b/d	1 479	—

Dr		SALES LEDGER ADJUSTMENT ACCOUNT						Cr		
19 Jan 1	To Ledger Balances	£	2 645	s	—	d	19 Jan 31	By Cash	£	2 511
" 31	" Sales	2 223	—	—			31	Discts Allowed	134	—
							" 31	" Balance c/d	2 223	—
		£4 868	—	—					£4 868	—
Jan 31	To Balance b/d	2 223	—	—						

Note—It has been thought an advantage to the teacher and student to leave the General Ledger at that point which makes it possible for the General Ledger Trial Balance to be constructed

EXERCISE IX—No 14

OPENING ENTRIES

19 .		£	s	d	£	s	d
Jan 1	Cash	50	-	-			
	Bank	870	-	-			
	Stock	1,000	-	-			
	Bills Receivable	375	-	-			
	A Arthur	275	16	4			
	B Brown	361	14	2			
	F Flower	250	12	2			
	C Cook	873	5	11			
	Furniture and Fixtures	200	-	-			
	Plant and Machinery	1,700	-	-			
	To Bills Payable				420	-	-
	D Dunlop				174	13	2
	G Garnet				127	16	10
	E Ernest				86	15	9
	F Franklin				217	6	10
	Capital Account				4,929	16	-
		£5 956	8	7	£5 956	8	7

BOUGHT LEDGER TRIAL BALANCE

	£	s	d	£	s	d
D Dunlop				612	1	7
G Garnet				216	12	2
E Ernest				459	3	8
F Franklin				264	17	10
General Ledger Adjustment A/c	1 552	15	3			
	£1 552	15	3	£1 552	15	3

SALES LEDGER TRIAL BALANCE

19.		£	s	d	£	s	d
	A Arthur	514	16	1			
	B Brown	228	14	-			
	F Flower	209	12	4			
	C Cook	316	15	8			
	General Ledger Adjustment A/c				1 269	18	1
		£1 269	18	1	£1 269	18	1

EXERCISE IX—No 14 (contd)

PURCHASES BOOK

		£	s	d
19				
Jan 7	D Dunlop	612	1	7
14	E Ernest	459	3	8
21	F Franklin	275	10	6
24	G Garnet	216	12	2
		£1 563	7	11

SALES BOOK

		£	s	d
19				
Jan 4	A Arthur	359	8	7
13	B Brown	246	10	2
18	F Flower	209	12	4
25	C Cook	316	15	8
		£1 137	6	9

RETURNS OUTWARDS BOOK

		£	s	d
19				
Jan 24	F Franklin	10	17	8

RETURNS INWARDS BOOK

		£	s	d
19				
Jan 15	B Brown	17	6	2

BILLS PAYABLE BOOK

No of Bill	Date	To Whom Given	Tenor	Due Date	Fol	Debit	Amount
	19		Dated	19		£ s d	£ s d
87	Jan 22	G Garnet	Jan 21 2 mos	Mar 24		6 7 10	121 9

BILLS RECEIVABLE BOOK

No of Bill	Date	From Whom Received	Tenor	Due Date	Fol	Debit	Amount
	19		Dated	19		£ s d	£ s d
89	Jan 15	F Flower	Jan 13 2 mos	Mar 16		12 10 7	£238 1 7

EXERCISE IX—No 14 (contd)

BOUGHT LEDGER

Dr			D DUNLOP			Cr		
19			£	s	d	19		
Jan 13	To Cash		185	18	6	Jan 1	By Balance	174
13	Discount		8	14	8	7	Purchases	612
31	Balance c/d		612	1	7			
			£786	14	9			£786
						Jan 31	By Balance b/d	612

Dr			G GARNET			Cr				
19			£	s	d	19				
Jan 22	To Bills Payable		121	9	-	Jan 1	By Balance	127	16	10
22	Discount		6	7	10	24	Purchases	216	12	2
31	Balance c/d		216	12	-					
			£344	9	-			£344	9	-
						Jan 31	By Balance b/d	216	12	2

Dr			E ERNEST			Cr				
19			£	s	d	19				
Jan 16	To Cash		82	9		Jan 1	By Balance	86	15	9
16	Discount		4	6	9	14	Purchases	459	3	8
31	Balance c/d		459	3	8					
			£545	19	5			£545	19	5
						Jan 31	By Balance b/d	459	3	8

Dr			F FRANKLIN			Cr				
19			£	s	d	19				
Jan 23	To Cash	206	9	8		Jan 1	By Balance	217	6	10
23	Discount	10	17	4		21	Purchases	275	10	6
24	Returns	10	12	8						
31	Balance c/d	264	17	10						
		£497	17	4				£492	17	4
						Jan 31	By Balance b/d	264	17	10

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr			
19			£	s	d	19			£	s	d
Jan 1	To Ledger Balances		606	12	7	Jan 31	By Cash and Disc't		478	15	9
" 31	Purchases		1 563	7	11	" 31	Returns O'wards		10	12	8
						" 31	Bills Payable and				
							Discount		197	16	10
							Balance c/d		1 557	15	3
			£2 170	-	6				£2 170	-	6
Jan 31	To Balance b/d		1 557	15	3						

EXERCISE IX—No 14 (contd)

SALES LEDGER

Dr		A ARTHUR					Cr		
19		£	s	d	19		£	s	d
Jan 1	To Balance	275	16	4	Jan 15	By Cash	282		7
" 4	" Sales	329	8	7	" 15	" Discount	13	15	9
" 24	" Bank (dishd bill, etc)	155	7	6	" 31	" Balance c/d	514	16	1
		£799	12	5			£799	12	5
Jan, 31	To Balance b/d	514	16	1					

Dr.		B BROWN					Cr		
19		£	s	d	19		£	s	d.
Jan 1	To Balance	361	14	2	Jan 10	By Cash	343	12	6
" 13	" Sales	246	10	2	" 10	" Discount	18	1	8
					" 15	" Returns	17	16	2
					" 31	" Balance c/d	228	14	-
		£608	4	4			£608	4	4
Jan 31	To Balance b/d	228	14	-					

Dr				F FLOWER				Cr					
				£	s	d					£	s	d
19							19						
Jan 1	To Balance			250	12	2	Jan 15	By Cash			238	1	7
" 18	" Sales			209	12	4	" 15	" Discount			12	10	7
							" 31	" Balance c/d			209	12	4
				£460	4	6					£460	4	6
Jan 31	To Balance b/d			209	12	4							

Dr					C Cook					Cr							
19			£	s	d	19			£	s	d	19			£	s	d
Jan 1	To Balance		673	5	11	Jan 22	By Cash		529	12	7						
" 27	" Sales		316	15	8	" 22	" Discount		45	13	4						
						" 31	" Balance c/d		316	13	8						
			<u>£1190</u>	<u>1</u>	<u>7</u>				<u>£1190</u>	<u>1</u>	<u>7</u>						
Jan 31	To Balance b/d		316	15	8												

Dr		GENERAL LEDGER ADJUSTMENT ACCOUNT										Cr	
19		£	s	d	19		£	s	d				
Jan 31	To Returns	17	16	2	Jan 1	By Ledger Balances	1 761	8	7				
" 31	" Cash and Disc.	1 573	7	-	" 24	" Bills Receivable	155	7	6				
" 31	" Bills Receivable	235	1	7	" 31	" Sales	1 132	6	9				
" 31	" Balance c/d	1 769	18	1									
		£3 049	2	10			£3 049	2	10				
					Jan 31	By Balance b/d	1 269	18	1				

EXERCISE IX—No 14 (contd)

GENERAL LEDGER

Dr		SALES ACCOUNT						Cr		
					19 Jan 31	By Cash Sundries		£ 1 132	s 27 13	d 5 9

Dr		PURCHASES ACCOUNT						Cr		
19 Jan 31	To Cash Sundries	£ 1 583	s 24 7	d 5 11						

Dr		BILLS RECEIVABLE ACCOUNT						Cr		
19 Jan 1	To Balance	£ 375	s	d	19 Jan 16	By Bank	£ 120	s	d	
15	F Power	238	1	7	23		155			
					26	Balance c/d	100			
					31		238	1	7	
		£613	1	7			£613	1	7	
Jan 31	To Balance b/d	238	1	7						

Dr		BILLS PAYABLE ACCOUNT						Cr		
19 Jan 15	To Bank	£ 270	s	d	19 Jan 1	By Balance	£ 420	s	d	
19		150			22	G Ga net	121	9		
31	Balance c/d	11	9							
		£541	9				£541	9		
					Jan 31	By Balance b/d	121	9		

Dr		STOCK ACCOUNT						Cr		
19 Jan 1	To Balance	£ 1 000	s	d						

Dr		SALARIES ACCOUNT						Cr		
19 Jan 31	To Cash	£ 42	s 10	d 8						

Dr		WAGES ACCOUNT						Cr		
19 Jan 4	To Cash	£ 27	s 13	d 6						
11		31	14	8						
18		4	16	9						
25		30	6	10						

EXERCISE IX--No 14 (contd.)

Dr		PETTY EXPENSES ACCOUNT						Cr	
19 Jan 31	To Cash . . .	£	s	d					
		17	4	11					

Dr		RENT, RATES, AND TAXES ACCOUNT						Cr	
19 Jan 31	To Cash	£	s	d					
		27	19	6					

Dr		DISCOUNTS ALLOWED ACCOUNT						Cr	
19 Jan 13 31	To F Flower " Sundries	£	s	d					
		13 75	10 10	7 9					

Dr		DISCOUNTS RECEIVED ACCOUNT						Cr	
					19 Jan 22 31	By G Garnet " Sundries	£	s	d
							6 23	7 18	10 9

Dr		RETURNS INWARDS ACCOUNT						Cr	
19 Jan 15	To R Brown	£	s	d					
		17	16	2					

Dr		RETURNS OUTWARDS ACCOUNT						Cr	
					19 Jan 24	By F Franklin	£	s	d
							10	12	8

Dr		FURNITURE ACCOUNT						Cr	
19 Jan 1	To Balance	£	s	d					
		200	-	-					

Dr		PLANT AND MACHINERY ACCOUNT						Cr	
19 Jan 1	To Balance	£	s	d					
		1 700	-	-					

Dr		CAPITAL ACCOUNT						Cr	
					19 Jan 1	By Balance	£	s	d
							4 929	16	-

EXERCISE IX—No 14 (contd)

Dr		DRAWINGS ACCOUNT				Cr	
19 Jan 27	To Cash	£	50	s	d		

Dr		BOUGHT LEDGER ADJUSTMENT ACCOUNT				Cr	
19 Jan 31	To Cash and D set Returns Outwards	£	478	13	9	19 Jan 1	By Ledger Balances
31	Bills Payable		10	12	8	31	Purchases
31	and Discount		17	16	10		
31	Balance c/d		1557	15	3		
			£170		6		
						19 Jan 31	By Balance b/d

Dr		SALES LEDGER ADJUSTMENT ACCOUNT				Cr	
19 Jan 1	To Ledger Balances	£	61	8	7	19 Jan 31	By Returns Inward
31	Sales		1132	6	9	31	Cash and D set
31	Bills Receivable (dishonoured)		155	7	6	31	Bills Receivable
			£1049	2	10	31	Balance c/d
Jan 31	To Balance b/d		163	18	1		

GENERAL LEDGER TRIAL BALANCE

	£	s	d	£	s	d
Cash	50					
Bank	1982	12	7			
Stock	1000					
Sales Ledger Adjustment Account	1269	18	1			
Bills Receivable	238	1	7			
Drawings Account	50					
Wages	132	11	9			
Salaries	47	10	8			
Petty Expenses	17	4	11			
Rent Rates and Taxes	27	19	6			
Purchases	1588	3	1			
Returns Inwards	17	16	2			
Discounts Allowed	88	1	4			
Furniture Account	200					
Plant and Machinery	1400					
Capital Account				4929	16	
Bought Ledger Adjustment Account				1552	15	3
Sales				1160		2
Returns Outwards				10	12	8
Discounts Received				30	6	7
Bills Payable				121	9	
	7804	19	8	7804	19	8

EXERCISE IX—No 17.

Dr		JOINT ACCOUNT OF ADAM & BELL						Cr	
19		£	s	d	19		£	s	d
June 25	To Adams	1 600	-	-	July 10	By Bell	892	10	-
25	" Bell	1 350	-	-	17	" Adams	630	-	-
25	" Adams (Exs)	25	-	-	29	" Bell	819	-	-
25	" Bell (Exs)	10	-	-	Aug 5	" Bell	756	-	-
25	" Adams (Com)	31	10	-	Sept 30	" Adams	400	-	-
25	" Adams (Exs)	7	16	-					
July 10	" Bell (Com)	44	12	6					
29	" Bell (Exs)	40	19	-					
Aug 5	" Bell (Com)	37	16	-					
Sept 30	" Adams (Com)	20	-	-					
30	" Profit (£164/18/3 to each partner)	329	16	6					
		£3 497	10	-			£3 497	10	-

Dr		JOINT ACCOUNT IN ADAM'S BOOKS						Cr	
19		£	s	d	19		£	s	d
July 12	To Pictures	630	-	-	June 25	By Pictures	1 600	-	-
Sept 30	" Pictures	400	-	-	25	" Cash (Exs)	32	16	-
Oct 5	" Bell	819	4	3	July 17	" Commission	31	10	-
					Sept 30	" Commission	20	-	-
					30	" Share of Profit	164	18	3
		£1 849	4	3			£1 849	4	3

(The Joint Account in Bell's books is appended but only to show how the clearance of the venture is affected.)

Dr		JOINT VENTURE IN BELL'S BOOKS						Cr	
19		£	s	d	19		£	s	d
July 10	To Pictures	892	10	-	June 25	By Pictures	1 350	-	-
29	" Pictures	819	-	-	25	" Cash (Exs)	10	-	-
Aug 5	" Pictures	756	-	-	July 10	" Commission	44	12	6
					29	" Commission	40	19	-
					Aug 5	" Commission	37	16	-
					Sept 30	" Share of Profit	164	18	3
					Oct 5	" Adams	819	4	3
		£2 467	10	-			£2 467	10	-

EXERCISE IX—No 18 ✓

Dr				LEASE ACCOUNT				Cr.			
1934			£	s	d	1934			£	s	d
Apr	1	To Cash	13	200		Mar	31	By Repairs		88	
	1	Costs of Acquisition		220			31	Depreciation		1	282
	1	Alterations		7/0			31	Balance c/d		12	820
			£14	190					£14	190	
1935											
Mar	31	To Balance b/d	12	820							

Dr				MOTOR CAR ACCOUNT				Cr					
1934				£	s	d	1934				£	s	d
Apr 1	To Balance			170			June 30	By Creditor			120		
June 30	Creditor			300			30	Depreciation (4 months @ 20%)			8	10	
							1935						
							Mar 31	P & I A/c (loss on sale)			41	10	
							31	Balance c/d			300		
				£470							£470		
1935													
Mar 31	To Balance b/d			£300									

EXERCISE IX—No 19

SALES LEDGER

Dr		PRIVATE LEDGER ADJUSTMENT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
	To Returns	625	-	-		By Balance	4 031	-	-
	Cash	3 125	-	-		Sundry Debtors	35 429	-	-
	Accounts	1 314	-	-					
	Bills Receivable	2 035	-	-					
	Bought Ledger	720	-	-					
	Bought Ledger	1 052	-	-					
	Balance c/d	2 582	-	-					
		£ 3 453	-	-			£ 39 453	-	-

PRIVATE LEDGER

Dr				SALES LEDGER ADJUSTMENT ACCOUNT				Cr			
19	To Balance	£	s	d	19	By Returns	£	s	d		
	Sales as per S B	4 031	-			Cash	31 125	-			
		35 422				Discounts	1 314	-			
						Bills Receivable	2 035	-			
						Bought Ledger	720	-			
						Bought Ledger	1 052	-			
						Balance c/d	2 582	-			
		£ 39 453	-				£ 39 453	-			

The balance represents the indebtedness of customers to the business

EXERCISE IX—No 20

Dr		JOINT VENTURE			Cr				
19	To Cash	£	s	d	19	By Cash	£	s	d
	" Int on Capital A/cs	24 000	-	-		" Balance (loss) to	21,500	-	-
		600	-	-		Capital Accounts—			
						Robinson £1,117/5/10			
						Jones £1 020 8/4			
						Brown £962/5/10	3 100	-	-
		£ 24 600	-	-			£ 24 600	-	-

Dr.		CAPITAL ACCOUNT ROBINSON				Cr			
19	To Joint Venture	£	s	d	19	By Cash	£	s	d
	" Cash	1 117	5	10		" Interest	8 620	-	-
		7 748	19	2		(charged against venture)	216	5	-
		£8 865	5	-			£8 866	5	-

Dr		CAPITAL ACCOUNT			JONES		Cr		
19	To Joint Venture	£	s	d	19	By Cash	£	s	d
	Cash	1 020	8	4		Interest	7 900	-	-
		7 077	1	8		(charged against	197	10	-
						venture)			
		£8 097	10	-			£8 097	10	-

EXERCISE IX—No 20 (contd)

CAPITAL ACCOUNT

<i>Dr</i>				<i>Cr</i>			
BROWN							
19	To Joint Venture	£	s d	19	By Cash	£	s d
	" Cash	962	5 10		Interest	7 450	—
		6 673	19 2		(charged against venture)	186	5
		£7 636	5			£7 636	5

Robinson's share of loss equals $\frac{1}{480}$ of £3 100Jones s " " $\frac{1}{480}$ "Brown s " " $\frac{1}{480}$ "

CASH BOOK

<i>Dr</i>				<i>Cr</i>			
19	To Capital Accounts—	£	s d	19	By Joint Account	£	s d
	Robinson	8 650	—		(purchases of pig iron)	24 000	—
	Jones	7 900	—		Capital Accounts—		
	Brown	7 450	—		Robinson	7 748	19 2
	" Joint Venture	21 500	—		Jones	7 077	1 8
	(Proceeds of sale of pig iron)				Brown	6 673	19 2
		£45 500	—			£45 500	—

EXERCISE IX—No 21.

Fixed Assets are those acquired for the purpose of earning, or giving facility for earning, income

Floating Assets are those acquired by trading and the subject of trading

FIXED	FLOATING.
Plant and Machinery	Book Debts
Freehold Land	Stock in Trade
Patents	Consols, £200
	Bills Receivable
	Goodwill

EXERCISE IX—No 22.

A *Trial Balance* is a list of ALL Ledger account balances extracted with the object of proving the arithmetical accuracy of the postings

A *Balance Sheet* is a statement of Ledger account balances remaining after the preparation of the Trading and Profit and Loss Accounts and their relative accounts balanced by transfer

The error of posting a debit balance of a Personal Account to Revenue Account will not affect the Trial Balance as regards proving arithmetical accuracy

The Balance Sheet will show the Capital Account wrongly adjusted, as the item in question would have been transferred to Profit and Loss, instead of appearing as an Asset

EXERCISE IX—No 23

COLLIERY COMPANY'S BOOKS

JOURNAL

		£	s	d	£	s	d
19 .							
July 1	R Scott	3	17	6			
	To Commission				1	14	5
	1% of £172/5/-						
	To Discount				2	3	1
	5% of £172 5/- for 3 mos						
" 1	Bills Receivable	176	2	6			
	To R Scott				176	2	6
	Bill drawn @ 3 mos						
		£180	-	-	£180	-	-

EXERCISE IX—No 23 (contd)

SALES BOOK

		£	s	d	£	s	d
19 July 1	R Scott— 520 tons Silkstone Coal @ 12/6 per ton Wagon Hire (520 tons @ 9d per ton)	32	5	19 10	344	10	—
	<i>Total of Invoice</i>				£344	10	—

CASH BOOK

(Debit Side)

		£	s	d
19 July 1	To R Scott ($\frac{1}{2}$ of value of Invoice)	172	5	—

LEDGER

Dr		R SCOTT				Cr	
19 July 1	To Sales	£	s	d	19 July 1	By Cash	£ s d
1	Comms on	344	10		1	Bills Receivable	172 5 0
" 1	Discount	1	14	3			178 2 6
		2	3	1			
		£348	7	6			£348 7 6

Note—It has been thought unnecessary to elaborate all the single item Ledger accounts

EXERCISE IX—No 24

See *Advanced Accounts* pages 37 (under Profit and Loss Account) to 42 (inclusive)

EXERCISE IX—No 26

I IRON S LEDGER

<i>Dr</i>		S STEEL					<i>Cr</i>		
19 Mar 1	To B's Payable	£ 126	s 10	d 6	19 June 4	By Cash	£ 126	s 10	d 6

<i>Dr</i>		BILLS PAYABLE ACCOUNT				<i>Cr</i>			
19 June 4	To Cash	£	s	d	19 Mar 1	By S Steel	£	s	d
		126	10	6			126	10	6

<i>Dr</i>		CASH ACCOUNT (Bank Column)			<i>Cr</i>				
19 June 4	To S Steel	£ 126	s 10	d 6	19 June 4	By B's Payable	£ 126	s 10	d 6

S STEELS LEDGER

<i>Dr</i>		I IRON			<i>Cr</i>				
19 June 4	To Cash	£ 126	s 10	d 6	19 Mar 1	By Bills Receivable	£ 126	s 10	d 6

<i>Dr</i>		BILLS RECEIVABLE ACCOUNT				<i>Cr</i>			
19 Mar 1	To I Iron	£ 126	s 10	d 6	19 Mar 1	By Cash	£ 126	s 10	d 6

<i>Dr</i>		CASH ACCOUNT (Bank Column)				<i>Cr</i>									
19 Mar 1	To Bills Receivable	£	126	s	10	d	6	19 Mar 1	By Bankers D scout	£	1	s	2	d	2
								June 4	1 Iron	126	10				6

<i>Dr</i>		BANKERS DISCOUNT ACCOUNT						<i>Cr</i>	
19 Mar 1	To Cash	£ 1	s 2	d 2					

EXERCISE IX—No 27 (cont'd)

(ALTERNATIVE FORM)

The second form of Balance Sheet differs only in the statement of the Partners Capitals which accounts are appended

LIABILITIES				LIABILITIES			
A. Added—		J. Jones—		Balance 1st Jan		Add Interest	
Jan 1	3 440	—	—	—	3 440	—	—
Apr 11	172	—	—	—	172	—	—
May 31	1 025	—	—	—	1 025	—	—
June 30	4 637	—	—	—	4 637	—	—
Less Draw ngs	—	—	—	—	900	—	—
							4 137

EXERCISE IX—No 28 G GREGORY IN ACCOUNT CURRENT WITH N NORTON

Date	Particulars	Due Date	Days	Pro ducts	Amount	Date	Particulars	Due Date	Days	Pro ducts	Amount
19 Jan 1	To Goods	Jan 1	180	£ 50 400	£ 280	19 Feb 15	By Cash	Feb 15	135	£ 13 500	£ 100
Mar 3	Bills Pble	Apr 6	85	17 000	200	Mar 2	Goods	Mar 2	120	82 800	690
Apr 11	Cash	May 11	80	16 000	200	May 11	Goods	May 11	50	8 500	170
" 30	" Goods	May 31	30	6 960	232	June 15	Goods	July 31	31	8 990	290
May 31	" Goods	June 31	30	7 500	250	June 30	Bal of Products			2 050	
June 30	" Red Ink Int as per contra			8 990							
" 30	" Interest			106 850	5 7					106 850	
" 30	" Bal c/d				87 14 5	June 30	By Bal b/d				
					£1 250						£1 250
											87 14 5

EXERCISE IX--No. 29.

AVERAGE DUE DATE

L
£440 due 18th April, zero DATE
250 " 36 days beyond 18th April
400 " 73 "
700 " 91 "
780
9,000
29,200
63,700
101,900

101 900	= 57 days	Average due date = 18th April + 57 days = 14th June	Amount due to be paid, £1,790.
<u>1 790</u>			

EXERCISE IX—No 30

I. WALTERS & B. DOVE

TRAINING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19 .

	£	s	d	£	s	d	£	s	d
To Stock, 1st July									
" Purchases—				8742	-	-			
Timber	13,926	-	-						
Ironmongery & General Stores	421	-	-						
Painters' & Polishers' Materials	197	-	-						
Fuel and Oil	413	-	-						
Manufactured Goods	159	-	-						
Less Purchases Returns .	15 116	-	-						
	721	-	-						
Treight				14,395	-	-			
Wages				1,261	-	-			
Loose Tools, 1st July				12,975	-	-			
Balance, Gross Profit c/d				1,524	-	-			
				8,799	-	-			
				£ 47 696	-	-			
							£ 47 696	-	-

EXERCISE IX—No 30 (cont'd)

J WALTERS & B DOVE
BALANCE SHEET AS AT 30TH JUNE, 19 .

BALANCE SHEET AS AT 30TH JUNE, 19 .	
LIABILITIES	ASSETS
Sundry Creditors	Cash in hand
Capital Accounts—	Cash at Bank
<i>J. Walters</i>	Bills Receivable
Balance 1st July	Sundry Debtors
Add Interest	Less Bad Debts Reserve
Share of Profit	Stock
	Loose Tools
Less Drawings	Boiler and Heating Apparatus
	Less Depreciation
<i>B. Dene</i>	Plant and Machinery
Balance 1st July	Less Depreciation
Add Interest	I and Buildings
Share of Profit	Less Depreciation
Less Drawings	

EXERCISE X—No 2 (contd.)

BALANCE SHEET, AS AT 31ST DECEMBER, 19 .

LIABILITIES		ASSETS	
£	s d	£	s d
Outstanding Expenses—		Cash	
Rent of Hall	8 -	Debentures	315 10 -
Printing	9 10 -	(10 £100 Bonds)	1,000 -
Capital Account—			
Balance—1st Jan	1 000 -		
Add Surplus of Income and Ex	208 -		
penditure Account			
	1 208 -		
	£1,315 10 -		£1,315 10 -

CASH ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Dr.		Cr	
£	s d	£	s d
Jan -Dec		By Rent	315 10 -
To Subscriptions	140 -	" Petty Expenses	10 -
Receipts from Lectures and Concerts	232 -	" Advertising	21 -
Interest on Investments	38 -	" Printing	12 10 -
		" Balance c/d	315 10 -
			£880 -
Dec 31			
To Balance b/d	315 10 -		

EXERCISE X—No 3

THE CARLTON CLUB

Dr INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

Cr

EXPENDITURE	£	s	d	£	s	d	£	s	d
To Rent Rates and Taxes due				50					
Fuel and Gas				40					
Chester's Wages				68			60		
Printing and Stationery				30			100		
Repairs				12			20		
Salaries				100					
Balance (surplus of Income over Expenditure)				130					
				£430					
							180		
							80		
							£430		

By Subscriptions
 Receipts—
 Dining and Room
 Refreshment Room
 Sundry Billing

Donations

Income

EXERCISE X—No 4

GREEN LANES GOLF CLUB

Dr REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

Cr

	£	s	d	£	s	d	£	s	d
To Club Managers Salary				250					
Greenkeeper's Wages				160					
Rent				350					
Interest on Loan				98					
Cost of Annual Dinner				100					
Sundry Expenses				53					
Taxes and Insurance				72					
Servants Wages				68					
Fuel Lighting and Cleaning				53					
Repairs (Number 3)				7					
Printing and Stationery				38					
Deposits on—				29					
Club Promises (3% of 30/15/10)				1					
Turnover (21% of £55 13 6)				3					
Turnover (15% of £25/10/4)				3					
Balance (surplus of Income over Expenditure)				334					
				£1 743 19 11					
							480		
							1 153		
							10		
							50		
							16		
							7		
							45		
							£1 743 19 11		

By Subscriptions from Members
 (140 @ £5 5/)
 Admissions Members Entrance Fees
 (220 @ £1 /)

Less Transfer to Capital

New Members Subscriptions

(220 @ £5 5/)

Interest on Deposits Account

Profit on Sale of Liquors, etc.

Grazing Rent (1 year to 30th June)

Add a pound due for 1/2 yr @

3rd Dec.

EXERCISE X No 5 (cor 1d)

TRAITMATHS HOMF FOR THF BIND

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES		ASSETS	
£	s d	£	s d
Creditors	80 000	Cash in hand	2 075 12 8
Loans	5 200	Bank	8 000
dry Creditors	515	Investment Account	85 068
Income Tax Outstanding	24	Investments	896
Capital Account	91 9	Interest on Investments	14 2
Balance 1st Jan	82 828	Clotted	253
Add surplus from Income and Expenditure Account	517	Drage	250
			8 1
		£ 97 089	7 7

EXERCISE X - No 6

This is as I sample on pages 331-333 (inclusive) of *Advanced Accounts* except that No 6 is double the figures employed in the 1 sample

EXERCISE X—No. 7

KREK KFYNCHE NURSING HOME

Dr. INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr.

	£	s	d	£	s	d	£	s	d
To Salaries of Nurses and Superintendent									
" Wages				352	8	5			
" Salary of Secretary				124	14	3			
" Provisions Purchased	383	7	10	300					
Less Amount of Provisions in hand	37	13	4						
" Taxes and Insurance				345	14	6			
" Stationery Printing, etc				86	16	6			
" Sundry Expenses				120	6	8			
" Fuel, Lighting, and Cleaning				18	15	5			
" Auditor's Fees				108	16	6			
" Depreciation				5	5				
Premises (21% of £4 250/12/6)	108	5	4						
Furniture (3% of £827/13/4)	41	7	8						
" Repairs				147	13				
" Collector's Commission				238	3	10			
" Medical and Surgical Appliances				38	11	9			
				106	10	5			
				£2 001	18	5			
							£2 001	18	5
By Donations and Subscriptions									
" Fees paid by Patients							806	2	8
" Interest on Deposit Account							1,084	16	10
" Dividends on Investments							13	9	8
" Balance (deficit of Income and Expenditure)							62	1	9
							43	13	6

BALANCE SHEET AS AT 31ST DECEMBER, 19

	£	s	d	£	s	d
LIABILITIES						
Creditors						
L. Loop, Endowment Fund						
Capital Account—						
Balance 1st Jan	8,480	16	6			
Less current year's loss on Income and Expenditure	43	13	6			
				8,437	3	
				£7,437	3	
Assets						
Cash on Current Account				362	4	8
" on Deposit Account				350		
Provisions in hand						
Investments						
Furniture and Fixtures				827	13	4
Less Depreciation				41	7	8
Buildings				4 250	12	6
Less Depreciation				106	5	4
				706	5	8
				4,144	7	2
				£7,437	3	

EXERCISE X—No 8

Dr LEDGER OF MESSRS TUDOR & MANN LTD Cr

		£	s	d			£	s	d
1938					1938				
Sept 30	To J Smith	165	10		Nov 16	By Cash	£	50	3 4
30	K Brown	18	5		Dec 9			18	3
1939					30			8	—
Mar 31	O Robinson	43	3	10	1939				
31	N White	102	5	4	Mar 31	Balance b/d	260	2	7
		£329	4	2			£329	4	2
		£	s	d			£	s	d
1939					1939				
Mar 31	To Balance	260	2	7	Mar 31	By Profit and Loss A/c	£	976	—
31	Bad Debts Reserve	110	18					—	7
		£376	—	7			£376	—	7

Dr PROFIT AND LOSS ACCOUNT Cr

		£	s	d			£	s	d
1939									
Mar 31	To Bad Debts	376	—	7					

(a) Reserve 1938 was	1632 9	£221 10
+ 2½ per cent of £1632 9 10s less £21 10s		402 14
		£624 4
Reserve 1939 was	1492 10	
+ 2½ per cent of £10 196 10s less £49 10s	24 12	
		£730 2
Additional charge to Bad Debt. Account		£110 18

EXERCISE X—No 9

This is as Example on pages 328-330 (inclusive) of *Advanced Accounts* except that No 9 is double the figures employed in the Example

EXERCISE X—No 10

SLLETHORPE PROGRESSIVE CLUB

Dr. 1,000 AND TRAFFIC/TYRE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d	£	s	d
To Printing and Stationery							127	13	8
" Repairs							175	10	2
" Salary of Secretary							120		-
" Servants' Wages							972	13	6
" Rent							250		
" Interest and Taxes							78	10	6
" Fuel Lighting Cleaning and W. rebag							257	13	7
" Legal Expenses							6		6
" Expenses of Soda							20	10	10
" Depreciation—									
Furniture and Fixtures	47	11	7						
(10% of £475 15)									
Alterations and Improvements to									
Premises	125	-					167	11	7
" Balance surplus of Income over Ex-							230	18	7
penditure									
							£1,897	8	5

BALANCE SHEET AS AT 31st DECEMBER 19

[illegible]

EXERCISE X—No. 11

The criticisms are set out in the Answers to Exercises at the end of *Advanced Accounts*

EXERCISE X—No 12

Dr	LUMLEY AVIATION CLUB										Cr	
	INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19											
	£	s	d	£	s	d	By Subscriptions	£	s	d		
To Salaries	327	10	6					1 272	10	6		
Deputation Fees & Expenses	40	-	-				Interest on Investments	44	2	3		
Cost of Annual Dinner and Entertainment	79	13	11				Proceeds of Sale of Journal	175	15	4		
Journal Expenses	146	8	5									
Postages	15	-	-									
General Expenses	10	14	4									
Printing and Stationery	37	2	9									
Year Book Expenses	136	7	7									
Rent Rates and Taxes	346	12	6									
Fuel Lighting and Cleaning	56	6	2									
Lecture Expenses	75	-	-									
Legal Expenses	7	12	6									
Auditors Fees	10	10	-									
Balance (surplus of income over expenditure)	210	9	5									
	£1 492	8	1					£1 492	8	1		

EXERCISE X—No. 13

RECEIPTS AND PAYMENTS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER, 19 :

Cf.

Receipts				PAYMENTS						
£	s	d		£	s	d				
To Balance, 1st Jan			274	13	2		By Furniture Purchased	25	15	6
" Subscriptions			45	10	6		Stationery and Printing	14	18	2
" Sale of Tickets for Annual Dinner			66	10	8		Post Ges and Petty Expenses	10	9	8
" Interest on Deposit Account			3	10	5		Expenses of Annual Dinner	47	2	10
							Grants for Benevolent Purposes	15	15	-
							Cost of Lingerie Cost of Arms	9	28	-
							Balance c/d	273	5	5
			£190	4	7			£280	4	7
To Balance b/d			273	5	8					

EXERCISE X—No 14

C BARRAND IN ACCOUNT CURRENT WITH P SMITH

6

[illegible]

EXERCISE X—No 15

13th April	£3 500	zero	
11th May	£5 200	28 days	= £145 600
12th June	£2 300	60	= £138 000
	<u>£11 000</u>		<u>£283 600</u>

Average due date $\frac{283\ 600}{11\ 000} = 26$ days beyond 13th April = 9th May

A bill for £11 137 10s must be drawn payable 12th August 19 (allowing for 3 days grace)

EXERCISE X—No 16

See *Advanced Accounts* pages 14 15 (under Reconciliation Account)

EXERCISE X—No 17

A Suspense Account is raised for items upon which queries have been entertained and for that reason they are in suspense until the doubts have been cleared. It is also used as a TOTAL account for outstanding and unexpired values

- (a) I A Claim pending settlement
 II Unexpired Values of Insurance etc
 III Outstanding Amounts for Rent Wages etc
- (b) I Disagreement of Trial Balance
 II Expenditure not allocated i.e. Incidental Expenses
 III Any errors or omissions in posting which an indifferent staff may wish to cover—instead of ad ust

Note—A Suspense Account is sometimes called A Difference in Books Account when it is raised for purposes stated under b

EXERCISE X—No 18

See *Advanced Accounts* page 19 (under Advantages and Disadvantages respectively)

EXERCISE X—No 19

JOURNAL OF JACKSON & CO

19		£	s	d	£	s	d
	Williamson & Co	1	7	9			
	To Commission					12	4
	1% of £61/13/4					15	5
	To Discount						
	5% of £61/13/4 for 3 mos						
	<hr/> Bills Receivable	63	1	1			
	To Williamson & Co				63	1	1
	Bill drawn @ 3 mos for value of invoice plus commission and discount as arranged						
		<u>£64</u>	<u>8</u>	<u>10</u>	<u>£64</u>	<u>8</u>	<u>10</u>

EXERCISE X No 19 (contd)

SALES BOOK

19 .		£	s	d
	Williamson & Co — 25 tons Hematite Iron @ 49/4 Terms Cash 1 mo	61	13	4

CASH BOOK
(DEBIT SIDE)

19		£	s	d
	To Bills Receivable	63	1	1

LEDGER

Dr		WILLIAMSON & Co					Cr		
19	To Sales , Commission , Discount	£	s	d	19	By Bills Receivable	£	s	d
		61	13	4			63	1	1
			12	4					
			15	5					
		£63	1	1			£63	1	1

Dr		BILLS RECEIVABLE ACCOUNT					Cr		
19	To Williamson & Co	£	s	d	19	By Cash	£	s	d
		63	1	1			63	1	1

EXERCISE X—No 20

Dr GENERAL LEDGER ADJUSTMENT ACCOUNT (IN SALES ENTER)

Cr

19 Mar 31	To Returns Inwards (as per Returns Inward Book)	£ 471	s 10	d -	19 Mar 31	By Debtors Balances (as per Opening Entries)	£ 6 271	s -	d -
31	Cash (as per Cash Book)	7 810	10		31	Sales to Customers (as per Sales Book)	10 829	-	-
31	Discounts	484							
31	Bills Receivable	1 735	10		31	Bills Receivable (as per Journal)	271	-	-
	(as per Bills Receivable Book)								
" 31	Balance c/d	6 870	-						
		£ 17 371					£ 17 371	-	
					Mar 31	By Balance b/d	6 870	-	-

EXERCISE X—No. 21.

See *Advanced Accounts*, pages $\left\{ \begin{array}{l} 218 \text{ (under "Formula, etc.")} \\ 222 \text{ (under "Formula, etc.")} \end{array} \right.$

EXERCISE X—No. 22

AVERAGE DUE DATE

Amount		Products.	
£		£	
1,050	due 18th July	.	Average due date
660	" 91 days before 18th July	60,060	= 18th July
375	" 55 " "	20,625	- 34 days
600	" 18 " "	10,800	= 14th June
<u>£2,685</u>	91,485 ÷ 2,685 gives 34 days	<u>£91,485</u>	Amount due to be paid, £2,685.

EXERCISE X—No. 23

S SUND'S LEDGER

Dr		M MOON		Cr	
19 Apr. 1	To Bills Payable	£ 150	s d	19 Apr. 1 July 4	By Cash " Discount " Cash
					£ 74 5 11 25 - - £150 - -

Dr		BILLS PAYABLE ACCOUNT		Cr	
19 July 4	To Cash	£ 150	s d	19 Apr. 1	By M Moon
					£ 150 - -

Dr		DISCOUNT ACCOUNT		Cr	
19 Apr. 1	To M Moon	£	s d		
			14 1		

Dr		CASH BOOK		Cr	
		Bank.			Bank.
19. Apr. 1 July 4	To M Moon " M Moon	£ 74 5 11 75 - -	19 July 4	By Bills Payable	£ 150 - -

EXERCISE X—No 23 (contd)

CASH BOOK

(M MOON S)

Dr		(M O O N S)				Cr		
		B n k				Bank.		
		£	s	d		£	s	d
19 Apr 1	To Bills Receivable	150	-		19 Apr 1 July 4	By Banker's Discount S Sund S Sund	1 74 75	8 11 -

M MOON S LEDGER

S SUND

Dr		S SUND			Cr		
19 Apr 1	To Cash	£ 74	5	11	19 Apr 1	By Bills Receivable	£ 150
1	Discount		14	1			
July 4	Cash	75					
		£150					£150

Dr

BILLS RECEIVABLE ACCOUNT

Cr

		£	s d		£	s d
19 Apr 1	To S. Sund	£ 150		19 Apr 1	By Bank	£ 150

Dr

DISCOUNT ACCOUNT

Cr

		£	s d		£	s d
19 Apr 1	To Bank	£ 1	8 2	19 Apr 1	By S Sund Profit and Loss	£ 1 8 2
		£1	8 2			£1 8 2

A STEVENSON & L LANNING'S JOINT CONSIGNMENT ACCOUNT

Cv

	Mths	Int	Amount		Amount
		£ s d	£ s d		£ s d
19					
Jan 1	5	22 18 4	1,100 - -	By Account Sales	1,640 - -
" 1	5	1 9 2	70 - -	" Interest (1 mo @ 5% on £1,640)	8 16 8
" 1	5	20 5 5	25 4 -		
" 1	5	1 3 -	2 10 -		
Feb 1	4	10 4 -	30 - -		
" 1	4	13 4 -	40 - -		
Apr 30	1	2 6 -	30 - -		
" 30	1	8 4 -	100 - -		
May 31			26 13 4		
" 31			111 4 8		
" 31			111 4 8		
			£1 640 16 8		£1,640 16 8

JOINT CONSIGNMENT ACCOUNT IN L. LANG'S BOOKS

D

Cr

	Mths	Int	Amount		Amount
19			£ s d		£ s d
Feb 1	4	10	30	19	
1	4	13	40	Apr 30	
Apr 30	1	2	30	May 31	
30	1	8	100		
30	3	7	600		
May 31					
31			9		
31			111		
31			726		
			£1 646 16 8		
					£1 646 16 8

By Account Sales
Interest (1 mo @ 5% on £1 640)

JOINT CONSIGNMENT ACCOUNT IN A STEVENSON'S BOOKS

Dr

Cr

	Mths	Int	Amount		Amount
19			£ s d		£ s d
Jan 1	22	18	1 100	19	
1	5	1	70	Jan 1	
1	5	10	25	May 31	
1	5	1	2 10		
May 31					
31			24		
31			111		
			£1 333 17 10		
					£1 333 17 10

By Bills Receivable (due Mar) 1
Interest (3 mos @ 5% on £600)
Balance due from L. Lang

EXERCISE X—No 25

Trading and Profit

MTSERS J SKINNER & H FULLER

FOR THE YEAR ENDED 31ST DECEMBER, 19

Cr

Dr	£	s	d	£	s	d	£	s	d
To Stock, 1st Jan	10 724	12	5				28 490	15	—
By Purchases	151	4	6	7,047	11	4	1 240	8	—
Less Returns Outwards									
Carrriage Inwards				10 379	7	11			
Wages (Factory and Warehouse)				374	3	3			
Manufacturing Expenses				2 556	17	4			
Balance Gross Profit c/d				371	12	4			
				14 181	10	—			
				£ 34 705	2	2			
To Office Salaries							£ 34 705	2	2
General Expenses									
Rates, Taxes, and Insurance	470	4	10	979	7	6			
Less Insurance Unexpired				174	19	7			
Rates Paid in Advance	42	15	8						
				427	9	2			
Repairs and Renewals				142	3	—			
Legal Expenses and Audit Fee				67	2	—			
Travelers Expenses and Commission				547	7	7			
Advertising (20% of £27 750/10/- (Net Sales))				5 550	2	—			
Discount Account				124	18	1			
Carrriage Outwards				557	4	7			
Postages and Stationery				243	14	1			
Road Taxes				141	9	4			
Bad Debts Reserve (24 of £7 682/19/4)				199	11	4			
Depreciation—									
Plant Machinery etc (10% of £1 489/0/8)				148	18	8			
Interest on Capital Account—									
Skinner (5% of £11 679/3/11)	588	19	3						
Fuller (5% of £1 000 for 6 mos.)	25								
Fuller (5% of £11 679/3/11)	583	19	3						
Balance, Net Profit c/d				1 192	18	6			
				3 780	11	7			
				£ 14,257	10	—			
To Reserve for Employees (1 share)							£ 14 257	10	—
J. Skinner's Capital Account (1 share)				708	2	3			
H. Fuller's Capital Account (1 share)				1 512	4	8			
				£ 3 780	11	7			

EXERCISE X—No. 26

JOURNAL

19..		£	s	d	£	s	d
	Joint Account	1 050					
	To Walker & Co				1 050		
	For goods purchased on joint speculation with R Roberts						
	Marshallman & Co	650					
	To Joint Account				650		
	For sale of part of goods purchased on joint speculation						
	Joint Account	75					
	To Commission				75		
	5% of £1 500						
	Joint Account	160					
	To R Roberts				160		
	For transfer of share of profit due to R Roberts						
		£1 935			£1 935		

PURCHASES BOOK

19		£	s	d
	Joint Account	400		
	(Goods bought on Joint Account taken into stock)			

LEDGER

Dr		CASH ACCOUNT				Cr			
19	To R Roberts " Joint Account	£ 525 450	s - -	d - -	19	By Joint Account (Expenses)	£ 55	s - -	d - -

Dr		JOINT ACCOUNT				Cr			
19	To Walker & Co " Cash (Expenses) " Commission " R. Roberts " Profit and Loss	£ 1 050 50 75 160 160	s - - - - -	d - - - - -	19	By Warthman & Co " Cash " Purchases	£ 650 450 400	s - - -	d - - -
		£1 500	-	-			£1,500	-	-

EXERCISE X—No 27

JOURNAL OF DOBSON & CO

			£	s	d		£	s	d
19 May 8	Fred Hunting To Braim & Son Sale of Goods received on consignment inwards	Dr	400				400		
24	Braim & Son To Handling Charges (5s per ton on 20 tons) To Commission (5 per cent of £615 value of sale of Goods received on con- signment inwards)	Dr	35	15			5		
							30	15	

Dr CASH BOOK OF DOBSON & CO Cr

		£	s	d			£	s	d
19 May 24	To Cash (Auction Sales)	21			19 May 10	By Braim & Son (Car riage)	9	7	6
					13	Braim & Son (Freight etc)	24	8	9
					24	Braim & Son	34	8	9

LEDGER OF DOBSON & CO

Dr BRAIM & SON Cr

		£	s	d			£	s	d
19 May 10	To Cash	9	7	6	19 May 8	By F Hunting Cash	400		
13		24	8	9	12		215		
24	Handling Charge	3							
24	Commission	30	15						
24	Bank	34	8	9					
		£615					£615		

EXERCISE X—No 28

(a) See *Advanced Accounts* page 214 (under Definition)(b) See *Advanced Accounts* page 226 (under Definition)For explanation of Uncompleted Consignments see *Advanced Accounts* page 217 (under Balancing the Consignment Account)

EXERCISE X—No 29

Cr

L LACEY IN ACCOUNT CURRENT WITH B BOOT

Dr

Date	Particulars	Due Date	Amount	Days	Pro-ducts	Date	Particulars	Due Date	Amount	Days	Pro-ducts
19 . 1	To Balance					19	By Cash	Feb 10	£ 120	-	£ 18 800
Jan 25	" Bills Payable	Mar 28	255	13	181	Feb 23	" Goods	May 19	478	9	60,706
Feb 25	" Cash		200	-	94	May 19	" Goods	June 8	228	19	9,434
Mar 10	" Cash		150	-	112	June 8	" Goods	June 25	113	9	2,488
Apr 12	" Goods	May 12	381	1	49	June 25	" Cash	"	200	-	1,000
Apr 13	" Cash		100	-	15	"	" Balance of Products	"			17,029
June 15	" Goods		408	7	10	30	" Balance c/d	"	456	10	£107,555
" 20	" Interest $\left(\frac{17,029 \times 10}{36,000}\right)$					30	"	"			
" 30	"		2	6	8				£1,593	8	4
June 30	To Balance b/d										
			456	10	-						

EXERCISE X—No 30

JOURNAL

19	B Bowman To Bills Payable Our acceptance at 1 mo	£	s	d	£	s	d
		200	—		200		
	R Brown To B Bowman Sale of part of goods received on consignment	350			350	—	
	Purchases Account To B Bowman Balance of goods received on consignment	300			300		
	B Bowman To Commission 5% of £1 000	50	—		50		
		£900			£900		

Dr

CASH BOOK

Cr

19	To B Bowman (Sale of part of his consignment)	£	s	d	19	By B Bowman (Cartage & Exps) B Bowman (Balance due on his consignment)	£	s	d
		350					20		
							730		

LEDGER

B BOWMAN

Dr

Cr

19	To Cash Bills Payable Commission Cash	£	s	d	19	By R Brown Cash Purchases	£	s	d
		20					350		
		00					350		
		50					300		
		730							
		£1 000					£1 000		

MESSRS JEFFREY, SLATER & GIBBS

Dr TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr

	A Dept		B Dept		Total	A Dept		B Dept		Total
	£	s d	£	s d	£	£	s d	£	s d	£
To Stocks 1st Jan	32 516	11 8			40 014					
" Purchases	61 867	16 7	7 497	12 6	69 364	81 082	13 11	46 916	19 8	127 998
" Balance (gross profits)	18 256	16 1	36 518	14 9	54 774	31 678	10 5	8 918	16 8	40 597
	£112 781	4 4	£55 835	16 4	£168 616	£112 781	4 4	£55 835	16 4	£168 616
To Trade Expenses :										
" Discounts Allowed	9 027	14 3	4 180	10 11	13 207	18 253	16 1	11 819	9 1	30 072
" House-keeping Expenses	2 016	17 4	1 628	10 3	3 644	1 856	4 4	1 534	5 6	3 390
" Balance	1 632	5 7	1 079	14 2	2 711					
(Net profits of Department)	7 436	3 3	6 485	16 1	13 921					
	£20 113	5 5	£13 353	14 7	£33 466	£20 113	-	£13 353	14 7	£33 466

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s d	£	s d	£	£	s d	£	s d	£	s d
To Interest on Capital Accounts—											
Jeffrey (5% of £2 3518/10/2)	1 175	16 6				A				7 436	3 3
Slater (5% of £16 379/4/8)	818	19 3				B				6 485	16 1
Gibbs (5% of £13 178/18/7)	658	16 10									
			2 653	12 7							
Balance (Profit) to Capital A/cs—											
Jeffrey, 1 share	3 756	3 3									
Slater, 1 share	3 756	3 3									
Gibbs, 1 share	3 756	3 3	11 268	9 9							
										£13 922	2 4

EXERCISE XI—No. 5

MESSRS DAVIS & SMITH

DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNTS FOR HALF YEAR ENDED 31ST DECEMBER 19

(Dr side)	No 1 Dept		No 2 Dept		No 3 Dept		No 4 Dept		No 5 Dept		Total	
	f	s d	f	s d	f	s d	f	s d	f	s d		
To Stocks 1st July	373	10 2	478	11 9	402	19 6	537	15 6	667	13 3	2 480	10 2
Purchases	1 127	4 11	1 310		1 259	6 11	1 273	3 3	1 603	3 3	6 613	2 7
Ce eral expenses (S16/15/11 + Deprec vilon £61/12/5 + Rent £11/2)	85	3	141	18 4	198	13 8	255	9	912	4	993	8 4
Balance Brought Forward	151	11 8	173	3 1	195	4 7	221	8 5	256	19 11	988	7 8
	£1 737	9 9	£2 103	13 3	£2 096	3 10	£2 287	16 2	£2 440	5 9	£11 065	8 9
(Cr side)	No 1 Dept		No 2 Dept		No 3 Dept		No 4 Dept		No 5 Dept		Total	
	f	s d	f	s d	f	s d	f	s d	f	s d		
By Sales	1 309	14 5	1 572	3 10	1 538	15 6	1 719	18 3	2 082	11 5	8 323	3 5
Balance Brought Forward	427	15 4	531	9 5	457	8 4	567	17 11	757	14 4	2 742	5
	£1 737	9 9	£2 103	13 3	£2 096	3 10	£2 287	16 2	£2 840	5 9	£11 065	8 9

GENERAL PROFIT AND LOSS ACCOUNT FOR HALF YEAR ENDED 31st DECEMBER 19

To Interest on Capital Accounts—		By Departmental Profits—	
£	s d	£	s d
48	2 6	No 1	151 11 8
48	2 6	No 2	173 3 1
		No 3	195 4 7
		No 4	221 8 5
		No 5	256 19 11
			998 7 8
			£998 7 8

EXERCISE XI—No. 5 (cont'd)

MESSRS DAVIS & SMITH

BALANCE SHEET AS AT 31st DECEMBER 19..

[illegible]

EXERCISE XI—No. 7

THE TOILET SPECIALTIES CO

Dr TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 19.. Cr.

	Excess Hair Cream (Fein)	Debit Toilets Paste	Total	By Sales— Hair Cream Toilets Paste Raw Materials Manufactured Hair Cream Bottles, Labels, etc.	Excess Hair Cream	Debit Toilets Paste	Total
To Sales—							
Raw Materials 1st Indt.	607 13 8	416 4 5	1,023 18 1		7,273 7 4	6	7,273 7 4
Manufactured Hair Cream etc	713 9 10	307 18 9	1,021 8 7				
Bottles, Labels etc	307 10 8	246 15 3	554 5 11				
By Sales—							
Raw Materials	727 4 9	517 6 5	1,244 11 2				
Bottles, Labels, etc	518 5 5	323 14 6	841 19 11				
Wages	707 14 2	734 7 8	1,442 1 11				
Manufacturing Expenses	208 10 7	243 16 7	452 27 2				
Balance gross profits of Departments	4,621 18 8	9,730 4 3	14,352 2 9				
	18,672 7 8	12,420 7 10	31,092 15 6				
To Salaries	53 9 9	371 5 8	427 15 5				
Advertising	778 11 3	5 117 12 7	5,895 310				
Postages	66 17 3	439 10 5	506 7 9				
Rent, Rates and Taxes	95 8 1	627 7 10	723 16 9				
Sundry Expenses	41 19 7	275 18 11	317 18 6				
Balance Net Profit of Departments	3 582 11 9	2,888 8 10	6,461 7				
	4,621 18 6	9,730 4 3	14,352 2 9				
	18,672 7 8	12,420 7 10	31,092 15 6				

Note—The undivided Expenses are borne in the following proportions. { Hair Cream Dept., -132045.
Toilets Paste Dept., -867955,

EXERCISE XI—No 8

THE LUXWORTH MOTOR CAR WORKS LTD

MOTOR-CARS TRADING ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19				Cr	
To Purchases	£	15 725	s	d	By Sales	£	18 950
„ Bal (gross profit)		3 225	-	-			-
	£	18 950	-	-		£	18 950

ACCESSORIES TRADING ACCOUNT

Dr				FOR THE YEAR ENDED 31ST DECEMBER 19				Cr			
To Accessories used	£	2,418	15 6	By Sale of Accessories	£	2,907	14 8				
„ Petrol Oil etc used		657	5 11	Sale of Petrol Oil etc		1,026	13 4				
„ Bal (gross profit)		858	6 7			1,026	13 4				
	£	3,934	8		£	3,934	8				

REPAIRS TRADING ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19						Cr	
To Cost of Repairing Cars	£	816	16	5	By Charges to Customers for Repairing Cars	£	906	12	7
„ Bal (gross profit)		89	16	2			906	12	7
	£906	12	7			£906	12	7	

HIRE CARS TRADING ACCOUNT

Dr				FOR THE YEAR ENDED 31ST DECEMBER 19				Cr			
	£	s	d		£	s	d				
To Expense of Hire Cars	208	14	5	By Charges to Customers for Hire of Cars	467	13	9				
„ Depreciation (20% of £574)	114	16									
„ Bal, gross profit	144	3	4								
	£467	13	9		£467	13	9				

EXERCISE XI—No 14

T. THOMPSON PAWNBROKER

DEPARTMENTAL TRADING ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 19

[illegible]

(GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

	£	s	d.
To Wages and Salaries	405	10	3
" Rent Rates and Taxes	216	9	10
" Sundry Expenses	238	12	6
" Depreciation Fixtures (5% of £622/14/2)	31	7	9
" Interest on Capital (5% of £7 000/15/5)	350	-	9
" Balance (NET Profit) to Capital Account	626	10	3
	£1 868	11	4
By Trading Accounts—			
Pledge Department	1 190	11	3
Resale Department	520	9	10
Sale of Tickets	157	10	3
	£1 868	11	4

G GREASLEY

EXERCISE XI—No 15 (cont'd)

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Dr		Cr
To Bad Debts		
" Salaries		
" Rent Rates and Taxes		
" Gas and Electric Light		
" Insurance		
" Office Expenses		
Addition to Bad Debts Reserve		
Depreciation Office Furniture (5% of £227/13/10)		
Interest on Capital Account (5% of £5 165/14 9)		
Balance Net Profit to Capital Account		

By Trading Accounts—
Eng ne Department
Repairs Department
Discounts

f	s	d
41	15	4
617	13	3
426	13	4
57	14	5
158	5	6
148	8	9
15		
11	7	8
298	6	9
2 942	2	10
£4 680	15	10

ENGINEERING SUPPLIES CO

EXERCISE XI—No 16

DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19

Dr	Works Dept	Retain Dept	Total	Works Dept	Retain Dept	Total	Cr
To Stocks 1st Jan	1 058 10/6	8 573 14/8	7 630 5/2	21 498 15/2	2 409 15/14	7 630 5/2	f s d
Purchases	8 743 5/10	32 658 18/9	41 409 4/7	875 13/4	7 520 19/10	8 496 12/2	f s d
Wages	7 426 19/5	914 10/3	8 341 9/8	48 18/5		48 18/5	f s d
Carriage	620 13/4	1 456 7/8	2 077 1/1				f s d
Balance gross profits of Departments	4 663 17/10	6 835 2/1	11 498 19/11	£22 511 6/11	48 436 13/5	70 948 4/4	f s d
							f s d
To Stocks 1st Jan	526 15/6	507 6/6	1 034 2/9	4 663 17/10	6 835 2/1	11 498 19/11	f s d
Office Expenses	208 4/11	572 15/10	779 8/2				f s d
Rent Rates and Taxes	463 17/8	325 10/6	789 8/2				f s d
Addition to Bad Debts Reserve	4 10/8	4 10/8	9				f s d
By Sales	112 15/6	116 15/11	229 12/5				f s d
By Trading Accounts	500	500	1 000				f s d
Balance Net Profit of Departments	2 849 14/9	4 808 2/4	7 657 16/7	£4 663 17/10	6 835 2/1	11 498 19/11	f s d
							f s d

EXERCISE XI—No 16 (cont'd)

ENGINEERING SUPPLIES CO

ENGINEERING SUPPLIES CO
 YEAR ENDED 31ST DECEMBER 19..

D _r	£	s	d	£	s	d	I.
To Bank Charges	29	5	8				3
" Income Tax (paid)	416	14	2				4
" Balance Brought Forward	7,451	3	7				4
Total				7,897	3	5	6
By Departmental Profits—							
Works Department							3
Retail Department							4
Bank Interest							4
Interest on Investments							6
Total				7,897	3	5	6

EXERCISE XI—No 17

See *Advanced Accounts* pages 3 (under Systems of Accounting) 4 and 5 also page 2 (under Accounts)

EXERCISE XI—No 18

See *Advanced Accounts* page 31 (under sub heading Difference between a Trading Account and a Profit and Loss Accounts)

The accounts from which the Trading and Profit and Loss Accounts are prepared are—

TRADING	PROFIT AND LOSS
Stock	Carriage Outwards
Work in Progress	Rent
Purchases	Rates and Taxes
Sales	Salaries
Carriage	Wages (NON productive)
Wages (Product ve)	Discount
Expenses (Manufacturing), etc	Commission
	Insurance
	Interest etc

EXERCISE XI—No 19

A suitable form of Cash Book for a large institution such as a County Asylum or Hydropathic Institution would be as described on page 12 of *Advanced Accounts* (under Bank Cash Book) and illustrated on pages 290 and 291

It would not be necessary to have the SALES column as institutions are NON trading concerns Modifications of rulings to the right of the Bank column may be made to suit the particular requirements of the institution

EXERCISE XI—No. 20.

JOURNAL OF ROBERT SAWYER

		£	s	d	£	s	d
19.							
(1)	Fire Insurance Unexpired	25	-	-	25	-	-
	To Fire Insurance						
	Transfer of prepaid insurance						
(2)	Salaries	125	-	-	125	-	-
	To Salaries Reserve						
	Provision made for salaries due to partners A, B, and C						
(3)	Cash	100	-	-	100	-	-
	To R Robinson (Contractee)						
	For receipt of £100 in full settlement of contract price						
	R Robinson (Contractee)	50	-	-	50	-	-
	To Contract (R Robinson's)						
	Transfer of amount equivalent to half of value of contract						
	Contract (R Robinson's)	39	-	-	39	-	-
	To Materials and Wages, etc						
	For materials and labour on contract						
	Contract Account	11	-	-	11	-	-
	To Profit and Loss Account						
	For estimated profit on completed portion of contract						
(4)	Depreciation	78	11	5	78	11	5
	To Patents						
	$\frac{1}{4}$ of £550 written off.						

EXERCISE XI—No 20 (contd)

JOURNAL OF ROBERT SAWYER (contd)

19		£ s d			£ s d		
		£	s	d	£	s	d
	Patent Fees (Renewal) To Patents Transfer of patent fees	7	7	-	7	7	-
	Profit and Loss Account To Patent Fees Transfer of balance	7	7		7	7	-
(5)	Depreciation Account To Machinery Account	20	8	2	20	8	2
	Original Cost £200 @ £120 Less 10% 20 12						
	Value at end of 1st yr £180 £108 Less 10% 18 10 16						
	Value at end of 2nd yr £162 £97 4 Less 10% 16 4 9 14 5						
	Value at end of 3rd yr £145 16 £87 9 7						
	Loss in purchase value of mill ng machine = £145/16/ £87/9/7 £58/6/3 which sum it would be well to write off over a period of 3 years (1 of which is included in depreciation for this year)						
	Profit and Loss Account To Depreciation Transfer of balance	20	8	2	20	8	2
		£484	1	9	£484	1	9

EXERCISE XI—No 21

In the opinion of the writer the abbreviated Statement presented to Subscribers etc is very unsatisfactory for the following reasons—

(a) A Cash Statement (badly constructed) does not adequately explain the financial position of the Institution

(b) According to the Statement submitted it appears that the grants and purchase of Consols on account of Trust Funds exceed Income—an anomalous position without fuller information to work upon

(c) Grants have been made amounting to £4 740 against receipts of subscriptions etc of £4 629 evidence of imprudent allocation of the funds of the institution

See also *Advanced Accounts* page 327 (under Errors in Published Accounts)

EXERCISE XI—No 22

JOURNAL

19		£	s	d	£	s	d
	Consignment Account To Goods on Consignment For goods consigned to A Archer of Sydney	750		-	750		-
	A Archer To Consignment For gross proceeds as per A/s	800			800		
	Consignment To A Archer For commission and expenses as per A/s	85			85		
	Bills Receivable To A Archer Bill drawn at 1 mo for balance of account	465			465		
		£2 100	-	-	£2 100	-	-

Dr		CASH BOOK				Cr			
19		£	s	d	19		£	s	d
	To A Archer	250				By Consignment A/c— Freight Insurance	34 00	84	

LEDGER

Dr		CONSIGNMENT ACCOUNT				Cr		
19		£	s	d	19	£	s	d
	To Goods on C'ment	750				By A Archer	800	
	Cash (Exp'ts)	84				(Gross proceeds)		
	A Archer (Exp't)	85				Unsold Stock c/d	250	
	Balance (Profit)	129				Proportion of Ex- penses c/d	28	
		£1 078	-	-			£1 078	-
	Stock etc b/d	278						

EXERCISE XI—No 23 (contd.)

MILDRED & MERRYWEATHER

PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 31ST DECEMBER, 19.

Ct.

	£	s	d	£	s	d	£	s	d	£	s	d
To Office Salaries	-	-	-	189	11	3	-	-	-	4	072	-
" Travellers & Salaries	-	-	-	432	9	6	-	-	-	-	-	-
" Rents And Insurance	-	-	-	121	15	10	-	-	-	-	-	-
Add Rates owing	-	-	-	75	-	-	-	-	-	-	-	-
Less Insurance prepaid	-	-	-	196	15	10	-	-	-	-	-	-
" Repairs and Renewals of Machinery	-	-	-	30	-	-	-	-	-	-	-	-
" Gas and Water	-	-	-	3	13	7	-	-	-	-	-	-
Add amount due for half year	-	-	-	125	19	1	-	-	-	-	-	-
" Travellers Commission	-	-	-	-	-	-	-	-	-	-	-	-
" Interest on Mortgage (1 year)	-	-	-	-	-	-	-	-	-	-	-	-
" Traveling Expenses	-	-	-	-	-	-	-	-	-	-	-	-
" Book Charges	-	-	-	-	-	-	-	-	-	-	-	-
" Trade Expenses	-	-	-	-	-	-	-	-	-	-	-	-
" Interest on Bonus Account	-	-	-	-	-	-	-	-	-	-	-	-
" Bad Debts Reserve (amount prov'd)	-	-	-	207	-	-	-	-	-	-	-	-
Less Old Reserve	-	-	-	138	9	1	-	-	-	-	-	-
By Balance b/d	-	-	-	61	10	11	-	-	-	-	-	-
Total	-	-	-	31	10	-	-	-	-	-	-	-
To Interest on Capital Accounts—	-	-	-	307	11	-	-	-	-	-	-	-
J C Mildred (10% of £8,651 14 s for 6 mos)	-	-	-	23	3	8	-	-	-	-	-	-
W F Merryweather (20% of £5,100 10 s for 6 mos)	-	-	-	-	-	-	-	-	-	-	-	-
R A Merryweather & Son (10% of £1,422 1/2)	-	-	-	-	-	-	-	-	-	-	-	-
Balance, Net Profit in Capital Accounts—	-	-	-	-	-	-	-	-	-	-	-	-
J C Mildred, 1/4 share	-	-	-	604	7	7	-	-	-	-	-	-
W F Merryweather, 1/4 share	-	-	-	604	7	7	-	-	-	-	-	-
Total	-	-	-	1,208	15	2	-	-	-	-	-	-
By Balance b/d	-	-	-	1,778	13	3	-	-	-	-	-	-
Total	-	-	-	£1,778	13	3	-	-	-	-	-	-

EXERCISE XI—No 23 (contd.)

MESSRS J C MILDRED & W F MERRYWEATHER
BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES		£	s	d	£	s	d	£	s	d	£	s	d
Bank Overdraft Borrowings of 11y 15 sh— Loan on Mortgage Add Interest due		4 000	—	—	328	16	3	2 700	2	11	2 343	17	9
		40	—	—	4 040	—	9	356	5	2	7 032	11	9
		1 250	10	—	338	14	9	130	—	8	106	16	4
		31	5	3	1 219	4	9	23	3	8	5946	17	2
Bills Payable		75	—	—				6 250	8	2	6 268	10	—
Sundry Creditors		125	19	1				303	11	—	12	13	6
Less Discount Reserve		8 653	14	8				8 900	—	—	30	—	—
Amount owing—		216	6	11	200	19	1	31	10	—			
Gas and Water		604	7	7									
Capital Account—J C Mildred		9 474	9	2									
Balance 1st July													
Add Interest													
Share of Profit													
Less Drawings		391	4	10									
Rent of Stabling													
W F Merryweather		5 810	3	7	9 083	4	4						
Balance 1st July		140	8	1									
Add Interest		894	7	7									
Share of Profit		8 354	10	3									
Less Drawings													
Transfer to Co of R A Merryweather		329	3	1	6 025	13	2						
R A Merryweather													
Balance Account		329	10	4									
Add Interest		213	6	1									
Transfer from Profit and Loss		100	—	—									
Transfer from W F Merryweather		651	—	10									
Less Drawings		141	6	7	509	14	3						
					21 746	6	7				21 746	6	7

EXERCISE XI—No 24.

STATEMENT OF PERCENTAGES BASED ON TURNOVER.

NET Sales £19 101/3

	%
Materials Consumed (including Royalty)	57 15
Wages NET	23 72
Gross Profit	21 32
Net Expenses, i.e. (£4,126/2/10—£1 778/13/3) £2,347/9/7	12 30
Net Profit	6 33

EXERCISE XI—No 25

JOURNAL

		£	s	d	£	s	d
19 Jun	1 Bank Account To Capital Account	1 000	-	-	1 000	-	-
	2 Purchases Account To X & Co	362	1	8	362	1	8
	2 X & Co To Bills Payable	362	1	8	362	1	8
	3 Office Furniture To H B C Furnishing Co	131	10		131	10	-
	3 H B C Furnishing Co To Bank Account Discount (5% of £131/10/)	131	10		124	18	6
					6	11	6
	3 Purchases Account To London Trading Co	271	6	3	271	6	3
	3 London Trading Co To Returns Outwards	51	6		51	6	-
	3 London Trading Co To Bank	220		3	220		3
	4 H Jones To Bank	50			50		-
	4 Bills Receivable To H Jones	55			55		-
	4 H Jones To Interest	5			5		-
	5 Petty Cash Account To Bank	10			10		-
	6 George & Co To Sales	220			220		-
	6 Bank Account Discount Account (2½% on £220) To G. George	214	10				
		5	10		220		
	7 Purchases Account To W & H Johnson	862	11	1	862	11	1
	8 Salary Drawings To Bank	3					
		17			20		
	9 Bank To Sales Sales to A. Murray & Co	71	6	2	71	6	2
	10 Stationery To Petty Cash		15			15	
	11 Murray & Co To Bank A. Murray's cheque of 9th inst. re- turned dishonoured	71	6	2	71	6	2
		£4 11s	14	3	£4 11s	14	3

EXERCISE XI—No 26

MR PRICE'S JOURNAL

		£	s	d	£	s	d
19.							
Jan 18	Cash Account	100	-	-	100	-	-
	To R Goodman						
" 18	R Goodman	101	5	-	101	5	-
	To Bills Payable (including Interest)						
" 18	Interest Account	1	5	-	1	5	-
	To R Goodman						
		£202	10	-	£202	10	-

FORM OF INLAND BILL OF EXCHANGE

DUE DATE 21st April, 19—

LONDON.

£101 5 0

18th Jan., 19—

STAMP

2/-

Three months after date pay to my order the sum
of One hundred and one pounds, five shillings, for
value received

To Mr P PRICE,
25 Abnault Avenue,
Chingford

R A. GOODMAN

EXERCISE XI—No 27

Dr

INSURANCE ACCOUNT

Cr

		£	s	d		£	s	d
1937					1931			
Jan 1	To Balance b/f	21	6	-	Dec 31	By Unexpired Insurance		
Mar 31	- Sundries as Purchases					3 mos. on £3	15	-
	Book (2s per cent					8	6	5
	of £3 000)	3	-	-		11	12	10s
June 30	- do, 5s. per cent of	12	10	-		Balance to P & L	11	9 2
	£5 000					A/c.	30	17 -
Dec 1	do, 2s per cent of	12	10	-				
	£5 000							
		£43	6	2				
1938								
Jan 1	To Balance b/f	18	9	2				

EXERCISE XI—No 28

Debit Side

PACKING CASES ACCOUNT

Jan 1	To Wood and nails	1935	1936
Jan Dec	Purchases of material	£ 21 10	£ 12 7 6
	Wages of workmen	319 15	351 7 6
		73	68
		£414 5	£431 1

Credit Side

Dec 31	By Materials at low	1935	1936
" 31	Transfer to Trade Account	£ 12 7 6	£ 18 5 5
		401 17 6	413 10
		£414 5	£431 1

EXERCISE XI—No 29

NOMINAL LEDGER

Dr

SALES LEDGER ADJUSTMENT ACCOUNT

Cr

1937		£	s	d	1937		£	s	d
Mar 1	To Balance b/f	2 459	1	7	Mar 1	By Balance b/f	47	5	
" 1-31	Sales	3 589	10		" 1-31	Returns	108	7	3
31	D Peters	9	5			Cash	891	3	2
						Disco nts	93	7	8
						Bills Rece ved	250		
						Bad Debts	15	6	6
					31	M Brown	21	15	
						Balance	2 630	12	-
		£6 057	6				£6 057	16	7

Balance of Debtors
Less Creditors

£ s d
2 664 9 6
43 17 6

£2 620 12 -

Balance as Account above £2 630 12s

Difference is £10

The important figures to check *first* would be—

- (1) Opening Balances of Debtors b/f and any creditors' balances transferred
- (2) Total of subsidiary books related to debtors
- (3) Journal transfers

The student should study carefully the plan or proof of this type of Ledger as explained and graphically set out on page 275 of *Advanced Accounts*

EXERCISE XI—No 30

The best method of dealing with the value of Loose Tools and Plant from the point of view of depreciation is to regard them as stock in trade evaluating the stock of Loose Tools and Plant at end of year at cost or market price whichever is the lower

It may be advisable to view some of such stock if held for a long period as of no value. Generally however the at cost or market valuation fairly meets the case of this class of plant.

EXERCISE XII—No 1

This exercise may be adequately answered by references to *Advanced Accounts*

EXERCISE XII No 2

JOHN ROBERTSON'S DRAWINGS ACCOUNT

Cr

Dr

		Mos	Int		Amount						Amount.	
			£	s	d	£	s	d	£	s	d	
12	19	To Cash	8	0	8	250	-	-	By Interest on Capital		250	-
13	May 1	.	7	10	-	300	-	-	(5% of £5,000)			-
14	July 1	.	1	13	4	200	-	-	Profit and Loss		795	-
	Nov 1	.	1	8	4	100	-	-	" (Share of Profit)			-
	Dec 1	.	-	-	-	17	18	4				-
	" 31	Interest	-	-	-							-
	" 31	Balance transferred to	-	-	-	177	1	8				-
		Capital Account	-	-	-							-
			-	-	-	£1 045	-	-			£1,045	-

EXERCISE XII—No 3

JOURNAL

		£	s	d	£	s	d
19							
Jan	1	Sundry Debtors	£	560			
		Goodwill		310			
		To Bad Debts Reserve (5% of £560)				28	
		C's Capital Account				842	
		For assets brought in by C	£	870		£	870
"	1	Coal Trucks		70			
		Carts Plant Horses and Harness		74			
		Goodwill		455			
		To Bad Debts Res (7½% of £3 720)				279	
		A's Capital Account				160	
		B's				160	
		For NET gain to A and B on the revaluation of their assets	£	1 469		£	1 469

(Dr side)

CASH BOOK

		Cash	Bank
		£	£
19			
Jan	1	To Balance	£ 18
	1	C's Capital	1 166
		(Amount brought in to raise his Capital from £842 to £1 000)	158
		£18	£1 324

(Cr side)

		Cash	Bank
		£	£
19			
Jan	1	By A's Capital	£ 500
		(Amount withdrawn to reduce his Capital from £3 260 to £2 760)	
	1	Balance c/d	824
		£18	£1 324

EXERCISE XII—No 4

JOURNAL

	£	s	d	£	s	d
<i>Capital Accounts—</i>						
Dickson	980	—	—			
Bell	735	—	—			
Peters	490	—	—			
To Profit and Loss Adjustment A/c				2 205	—	—
Transfer of incorrect shares of profit as shown in the Profit and Loss Account						
Profit and Loss Adjustment A/c	2 205	—	—			
To <i>Capital Accounts—</i>						
Dickson $\frac{2}{3}$ share				1 046	8	10
Bell $\frac{2}{3}$ share				784	16	8
Peters $\frac{1}{3}$ share				373	14	6
Respective shares of profit transferred						
	£4 410	—	—	£4 410	—	—

LEDGER

Dr DICKSON'S CAPITAL ACCOUNT Cr

	£	s	d		£	s	d
To Profit and Loss Adjustment Account	980			By Balance	3 920		—
Balance c/d	3 986	8	10	Profit and Loss Adjustment Account	1 046	8	10
	£4 966	8	10		£4 966	8	10
				By Balance b/d	£3 986	8	10

Dr BELL'S CAPITAL ACCOUNT Cr

	£	s	d		£	s	d
To Profit and Loss Adjustment Account	735			By Balance	2 940		—
Balance c/d	2 983	16	8	" Profit and Loss Adjustment Account	784	16	8
	£3 724	16	8		£3 724	16	8
				By Balance b/d	£2 983	16	8

Dr PETERS' CAPITAL ACCOUNT Cr

	£	s	d		£	s	d
To Profit and Loss Adjustment Account	490			By Balance	1 540		—
Balance c/d	1 423	14	6	" Profit and Loss Adjustment Account	373	14	6
	£1 913	14	6		£1 913	14	6
				By Balance b/d	£1 423	14	6

EXERCISE XII—No. 5.

MESSRS BLACK & WHITE

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Cr

Dr	£	s	d	£	s	d
To Stock, 1st Jan	3 000	—	—	By Sales	24 800	—
Purchases	16 450	—	—	" Stock, 31st Dec	3 225	—
" Manufacturing Wages	2 150	—	—			
" Balance, Gross Profit c/d	6 425	—	—			
	£28 025	—	—		£28 025	—

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr

Dr	£	s	d	£	s	d
To Salaries	820	—	—	By Trading Account	6 425	—
Rates and Taxes	325	—	—			
Trade Charges	400	—	—			
Lease A/c (1/2 of £2 400 written off)	400	—	—			
" Int on Mortgage (4 1/2% of £5 000)	225	—	—			
" Depreciation—	200	—	—			
Plant (5% of £4 000)	—	—	—			
Bad Debts Res (5% of £13,100)	655	—	—			
" Less Old Reserve	600	—	—			
	55	—	—			
" Interest on Capital Accounts —						
Black, 5% of £5 000	250	—	—			
White 5% of £2 000	100	—	—			
" Bal, Net Profit to Capital A/cs						
(1/4 sh to each partner, i.e. £1,825)						
	£6,425	—	—		£6 425	—

EXERCISE XII No 5 (cont'd)

MESSRS BLACK & WHITE

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

MESSRS LION & UNICORN

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

300

EXERCISE XII—No 6 (contd)

MESSRS LION & UNICORN

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 .

[illegible]

EXERCISE XII--No 6 (contd.).

MESSRS LION & UNICORN

BALANCE SHEET AS AT 31ST DECEMBER, 19..

BALANCE SHEET AS AT 31st DECEMBER, 1977											
LIABILITIES				ASSETS							
	£	s	d		£	s	d		£	s	d
Sundry Creditors . . . . .	.	.	.	Cash in hand . . . . .	.	.	.		.	.	.
Capital Accounts—				" at Bank . . . . .	.	.	.		2,185	-	-
R Lion				Sundry Debtors . . . . .	.	.	.		7 940	-	-
Balance, 1st Jan	59 400	-	-	Less Bad Debts Reserve . . . . .	.	.	.		397	-	-
Add Interest	2 970	-	-								
	62,370	-	-	Stock	25 000	-	-				
Less Share of Loss	£2 810			Machinery and Plant	2 500	-	-				
" Drawings	£4 250			Less Depreciation . . . . .	.	.	.	
	7 060	-	-	Barges	3,250	-	-				
				Less Depreciation	325	-	-				
P Unicorn				Land and Buildings	13,840	-	-				
Balance, 1st Jan	30,000	-	-	Add Transfer from Purchases	3 000	-	-				
Add Interest	1 500	-	-	Transfer from Wages	250	-	-				
	31 500	-	-	Advertising Suspense A/c . . . . .	.	.	.	
Less Share of Loss	£2,810								17,090	-	-
Drawings	£2 050								2,900	-	-
	4 860	-	-								
									£85 810	-	-

EXERCISE XII--No 7

WILLIAM JAMES'S DRAWINGS ACCOUNT

(Dr SIDE)

Date	Particulars	Mths	Interest			Amount		
19			£	s	d	£	s	d
Mar 1	To Cash	10	3	6	8	80		-
June 1		7	2	18	4	100		-
Sept 1		4		16	8	50		-
Dec 1		1		10		120		-
						7	11	8
31	Interest							
						1357	11	8

EDWARD JONES'S DRAWINGS ACCOUNT

(Dr SIDE)

Date	Particulars	Mths	Interest			Amount		
19			£	s	d	£	s	d
Mar 1	To Capital (5% of £2 000 for 12 mos)	2	16	13	4			
Apr 1	Cash	9	1	17	6	50		-
July 1		6	1	17	6	75		-
Oct 1		3		18	9	75		-
Dec 1		1		6	3	75		-
						21	13	4
31	Interest							
						£296	13	4

EXERCISE XII—No 8

JOURNAL

		£	s	d	£	s	d
19 Mar 31	Capital Accounts— X Y Z To Profit and Loss A/c (adjusted)	800	—	—	—	—	—
		400	—	—	—	—	—
		400	—	—	1 600	—	—
" 31	Profit and Loss Account (adjusted) To Interest on Capital Accounts— X Y Z	220	—	—	—	—	—
					110	—	—
					90	—	—
					20	—	—
		£1 820	—	—	£1 820	—	—

Dr		CAPITAL ACCOUNT X				Cr	
19 Mar 31	To Profit and Loss A/c (adjusted)	£ 800	s —	d —	19 Dec 31	By Balance	£ 3 000
" 31	Balance c/d	3 000	—	—	19 Mar 31	Interest Profit and Loss A/c (adjusted)	110 890
		£3 800	—	—			£3 800
					Mar 31	By Balance b/d	3 000

Dr		CAPITAL ACCOUNT Y			Cr		
19 Mar 31	To Profit and Loss A/c (adjusted)	£ 400	s -	d -	19 Dec 31	By Balance	£ 2 200
" 31	Balance c/d	2 235	-	-	19 Mar 31	Interest Profit and Loss A/c (adjusted)	90 345
		£ 2 635	-	-			£ 2 635
					Mar 31	By Balance b/d	2 235

Dr		CAPITAL ACCOUNT Z				Cr	
19 Mar 31	To Profit and Loss A/c (adjusted)	£ 400	s	d	19 Dec 31	By Balance	£ 800
" 31	Balance c/d	765	-	-	19 Mar 31	Interest Profit and Loss A/c (adjusted)	20 345
		£1 165	-	-			£1 165
					Mar 31	By Balance b/d	765

EXERCISE XII—No. 8 (*contd*)

Dr		PROFIT AND LOSS ACCOUNT (ADJUSTED)			Cr		
		£	s	d		£ s d	
19 Mar 31	To Int on Capital A/c— X (5% of £2,200) Y (5% of £1 800) Z (5% of £400)	110 90 20	— — —	— — —	19 Mar 31	By Capital Accounts— X (1/2 of £1 600) Y (1/2 of £1 600) Z (1/2 of £1,600)	800 400 400
" 31	" Balance to Cap A/c X £690 Y £445 Z . . . £345						
		1 380	—	—			
		£1,600	—	—		£1,600	—

EXERCISE XII—No. 9

MESSRS RUDD & BUTLER

BALANCE SHEET AS AT 31ST DECEMBER 19 .

[(a) FIXED METHOD]

LIABILITIES		£	s	d	£	s	d
Bills Payable	.				1,706	2	8
Sundry Creditors	.				2,173	13	9
Outstanding Expenses	.				175	3	11
Loan Account R Rudd	.				1 500	—	—
Capital Accounts—							
R Rudd	.	7,000	—	—			
B Butler	.	4 500	—	—	11 500	—	—
Current Accounts—							
R Rudd							
Interest on Capital	.	350	—	—			
" on Loan	.	75	—	—			
Share of Profit	.	1,473	2	8			
		1,898	2	8			
Less Drawings	.	1 600	—	—	298	2	8
B Butler							
Interest on Capital	.	225	—	—			
Share of Profit	.	1,156	13	10			
		1,381	13	10			
Less Drawings	.	1,200	—	—	191	13	10
					£17 534	16	10

EXERCISE XII—No 9 (contd)

MESSRS RUDD & BUTLER

BALANCE SHEET AS AT 31ST DECEMBER 19

[(b) NOT FIXED METHOD]

LIABILITIES	£	s	d	£	s	d
Bills Payable				1 706	2	8
Sundry Creditors				2 173	13	9
Outstanding Expenses				175	3	11
Loan Account R Rudd				1 500		-
Capital Accounts— R Rudd						
Balance 1st Jan	7 000					
Add Interest	350	-				
on Loan	75	-				
Share of Profit	1 473	2	8			
	8 898	2	8			
Less Drawings	1 600			7 298	2	8
B Butler						
Balance 1st Jan	4 500	-	-			
Add Interest	225	-	-			
Share of Profit	1 156	13	10			
	5 881	13	10			
Less Drawings	1 200			4 681	13	10
				£ 17 534	16	10

EXERCISE XII No 10

(Dr SIDE)

CASH BOOK

	Bank		Bank
19	£ s d		
To D Dawson's Capital Account	1 500		

Note—Separate cheques would be handed to A Bassett and P Palmer for their respective shares of Goodwill

EXERCISE XII—No 11.

Dr.		CASH BOOK				Cr.			
		Bank				Bank.			
		£	s	d		£	s	d	
19	To F. Fletcher's Capital	2	300	-	19	By Goodwill (Amount paid to D Dutton by F Fletcher for share of Goodwill)	£ 300	-	-
						Balance c/d	2,000	-	-
		£2,300	-	-			£2,300	-	-
	To Balance b/d	£2,000	-	-					

EXERCISE XII—No 12

JOURNAL

		£	s	d	£	s	d
19							
Jan 1	Sundry Debtors.	920	-	-			
	Goodwill	350	-	-			
	To Bad Debts Reserve (5% of £920)				46	-	-
	" F Fir's Capital				1,224	-	-
	For assets brought in by F Fir						
" 1	Plant and Tools	1,270	-	-	1,270	-	-
	Horses Carts Wagons, etc	134	-	-			
	Goodwill	35	-	-			
	To Bad Debts Reserve (5% of £3,940)	1,050	-	-	197	-	-
	A Dean's Capital Account				511	-	-
	B Gibson's Capital Account				511	-	-
	For net gain to Dean and Gibson on the revaluation of their assets						
		£2,489	-	-	£2,489	-	-

EXERCISE XII—No 13

JOURNAL

19..		£	s	d	£	s	d
Jan 1	Goodwill Account	8	-	-			
	To Difference in Books				8	-	-
	For transfer of balance						
	Reserve for Depreciation	608	-	-			
	Depreciation Account	200	-	-			
	To Plant and Machinery				808	-	-
	For transfer of " Reserve for Deprecia- tion," and a further depreciation of plant						
	Goodwill Account	200	-	-			
	To Depreciation				200	-	-
	For transfer of balance						
	Depreciation Account	200	-	-			
	To Patents Account				200	-	-
	For amount charged against deprecia- tion to reduce value of patents						
	Goodwill Account	200	-	-			
	To Depreciation				200	-	-
	For transfer of balance						
		£1 416	-	-	£1 416	-	-

OPENING ENTRIES

19		£	s	d	£	s	d
Jan 1	Leasehold Factory	12 540	-	-			
	Machinery and Plant	7 392	-	-			
	Patents	400	-	-			
	Sundry Debtors	1 560	-	-			
	Stock	1 459	-	-			
	Goodwill	4 863	-	-			
	To Sundry Creditors				3 218	-	-
	„ Peter White (vendor)				25 000	-	-
		£ 28 218	-	-	£ 28 218	-	-

Dr	CASH BOOK	Cr
19		
Jan 1	To Capital Accounts— Smith 12 000 Brown 10 000 Robinson 6 000 £ 28 000	19 Jan 1 By Peter White (vendor) 25 000 „ Balance c/d 3 000 £ 28 000

EXERCISE XII No 13 (continued)

MESSRS SMITH BROWN & ROBINSON
BALANCE SHEET AS AT 1ST JANUARY 19

LIABILITIES	£		s		d		£		s		d	
	£	s	d	£	s	d	£	s	d	£	s	d
Sundry Creditors				3 218						3 000		
Capital Accounts—										1 560		
Smith	12 000	—	—							1 458		
Brown	10 000	—	—							4 868		
Robinson	6 000	—	—							400		
				28 000						7 392		
										12 540		
										£ 31 218		

EXERCISE XII—No 14

P CREW (DECEASED)

19	To Drawings Balance c/d	£		s		d		£		s		d	
		£	s	d	£	s	d	£	s	d	£	s	d
Jan - June					720	—					3 000		
June 30					7 955	16					75		
											404	16	
											3 200		
											1 996		
											£ 8 675	16	
											7 955	16	

By Balance
Interest (5% of £3 000 for 6 mos.)
Share of Profit ($\frac{1}{4}$ of £2 024)
Share of Policy ($\frac{1}{4}$ of £8 000)
Share of Goodwill

By Balance b/d

Note—The value of Goodwill is arrived at by method as below—

$$\frac{1}{2} \text{ of } [£2 073 + £2 458 + £2 024 + £930 \text{ (3 years insurance premiums)}] \div 3 \times 2$$

EXERCISE XII—No 15

Dr P CREW (DECEASED) LOAN ACCOUNT

Cr

		£	s	d			£	s	d
19		1,000	-	-	19	By Balance	7 855	16	-
Year 1	To Cash (½ yr. installment)	7 154	13	11	Year 1	" Interest (6 months)	198	17	11
	" Balance c/d	£8 154	13	11			£8 154	13	11
		2 000	-	-			7,154	13	11
Year 2	To Cash	5,512	8	7	Year 2	By Balance b/d	327	14	8
	" Balance c/d	£7 512	8	7		" Interest (1 year)	£7,512	8	7
		2 000	-	-			5,512	8	7
Year 3	To Cash	3,788	1	-	Year 3	By Balance b/d	275	12	5
	" Balance c/d	£5 788	1	-		" Interest (1 year)	£5,788	1	-
		2 000	-	-			3,788	1	-
Year 4	To Cash	1,977	9	1	Year 4	By Balance b/d	189	8	1
	" Balance c/d	£3 977	9	1		" Interest (1 year)	£3 977	9	1
		2 000	-	-			1 977	9	1
Year 5	To Cash	78	6	6	Year 5	By Balance b/d	98	17	5
	" Balance c/d	£2 076	6	6		" Interest (1 year)	£2 076	6	6
		80	2	10			78	6	6
Year 6	To Cash	£80	2	10	Year 6	By Balance b/d	3	18	4
						" Interest (1 year)	£80	2	10

EXERCISE XII—No 16

P PORTER IN ACCOUNT CURRENT WITH E HELM

Date	Particulars	Amount	Days	Pro ducts	Date	Particulars	Amount	Days	Pro ducts
19 Mar 1	To Cash	£ 550	303	167 750	19 Jan 1	By Cash (£ of £1 525)	£ 610	364	222 040
May 1	By in lry Creditors (£ of £1 235)	494	244	120 536	1	Furnit re (£ of £310)	124	364	45 136
June 1		650	213	138 450	1	Goodwill	625	364	227 500
Sept 1		750	121	90 750	1	Sundry Debtors (£ of £4 400)	1 760	121	212 960
Dec 31	Balance of Products Balance c/d	701	1	190 150	Dec 31	Balance of Interest	26		
		£3 145		£707 636			£3 145		£707 636
Dec 31	To Cash	701	1		Dec 31	By Balance b/d	701	1	

EXERCISE XII—No 16 (contd)

Dr. PROFIT AND LOSS ADJUSTMENT ACCOUNT Cr

19		£	s	d	19		£	s	d
Jan 1	To Bad Debts (Loss)	224	-	-	Jan 1	By Discount on Creditors (GAIN)	30	-	-
	" Furniture (Loss)	26	-	-		" Capital Accounts— Porter, $\frac{1}{2}$ of loss Helm, $\frac{1}{4}$ of loss	110 110	-	-
		£250	-	-			£250	-	-

ADJUSTED BALANCE SHEET AS AT 1ST JANUARY, 19 .

LIABILITIES	£	s	d	ASSETS	£	s	d
Sundry Creditors	1 235	-	-	Cash	1 525	-	-
Capital Accounts—				Sundry Debtors	4 400	-	-
E Helm	3 000	-	-	Furniture	310	-	-
P Porter	2 000	-	-				
	£6 235	-	-		£6 235	-	-

EXERCISE XII—No 17

PROFIT AND LOSS ACCOUNT

Dr. FOR THE YEAR ENDED 31ST DECEMBER, 19 . Cr

	£	s	d		£	s	d
To Trading Account	1 070	-	-	By Capital Accounts—			
Interest on Capitals—				R. Rostrom	1 036	-	-
b. Rostrom	187	10	-	($\frac{1}{2}$ share of loss)			
T. Teale	37	10	-	T. Teale	259	-	-
($\frac{2}{3}$ of £750)				($\frac{1}{3}$ share of loss)			
	£1 294	-	-		£1 294	-	-

Dr. CAPITAL ACCOUNT—R. ROSTROM Cr

19		£	s	d	19		£	s	d
Dec. 31	To Drawings	620	-	-	Jan 1	By Balance	3 750	-	-
" 31	" Profit and Loss (Share of loss)	1 036	-	-	Dec. 31	" Interest	147	10	-
" 31	" Balance c/d	2 281	10	-					
		£3 937	10	-			£3 937	10	-
					Dec. 31	By Balance b/d	2 281	10	-

EXERCISE XII—No 19

CASH BOOK
(CREDIT SIDE)

		£	s	d
19 Jan 1	By Balance (Bank Overdraft)	6,000	-	-
" 1	" Balance c/d	1,000	-	-
		£7,000	-	-

(DEBIT SIDE)

		£	s	d
19 Jan 1	To Capital Accounts—			
	A	3,500	-	-
	B	3,500	-	-
		£7,000	-	-
19 Jan 1	To Balance b/d	£1,000	-	-

B will hand A a cheque for his share of the plant, i.e. his share of the Goodwill of the business.

EXERCISE XII—No 20

JOURNAL

		£	s	d	£	s	d
19 Apr 25	Goodwill Account	4 250	-	-			
	To Capital Accounts—						
	M Mason				3 500	-	-
	B Box				750	-	-
	For amount of GOODWILL credited to M Mason and B Box						
" 25	Capital Accounts—						
	M Mason (5% of £6,500)	325	-	-			
	B Box (5% of £5 750)	287	10	-			
	To Bad Debts Reserve				612	10	-
	For debiting Capital Accounts their respective amounts of Bad Debts Reserve						
" 25	Profit and Loss Account	1 650	-	-			
	To M Mason's Capital Account				1,650	-	-
	Transfer of Balance						
		£6 512	10	-	£6 512	10	-

EXERCISE XII—No 20 (contd.)

MESSRS MASON & BOX

BALANCE SHEET AS AT 25TH APRIL 19

LIABILITIES	£	s	d	£	s	d	ASSETS	£	s	d	£	s	d
Creditors				5 145	-	-	Cash	170					
Capital Accounts—							Bank	3 800					
M Mason				27 43			Debtors	12 000			4 020		
B Box				5 962	10		Less Bad Debts Res.	612	10				
							Stocks				11 637	10	
							Goodwill				8 620		
							Buildings				4 200		
											10 000		
				£ 38 437	10	-				£ 38 437	10	-	

EXERCISE XII—No 21

A pays £5 000 for 12 months (contributed 1st Jan) = $\frac{£}{60\ 000}$
 A pays £2 000 for 2 months (contributed 1st Nov) = $\frac{£}{4\ 000}$

A's contribution = $\frac{£}{64\ 000}$
 B pays £4 000 for 9 months (contributed 1st Apr) = $\frac{£}{36\ 000}$
 C pays £4 000 for 7 months (contributed 1st June) = $\frac{£}{28\ 000}$

£128 000

A's share of profit = $\frac{1}{3}$ of £2 520 = 1 260 - -
 B's share of profit = $\frac{2}{3}$ of £2 520 = 708 15 -
 C's share of profit = $\frac{1}{3}$ of £2 520 = 841 5 -
£2 520 - -

EXERCISE XII—No 22

W Winder pays £2 205 for a $\frac{1}{2}$ share of 2 years purchase price of the average of such profits

The value of the profits = $\frac{£2\ 205 \times 7}{3 \times \frac{1}{2}} = £2\ 572/10/-$

S Simpson's Capital in the new partnership is arrived at as under—

$\frac{1}{2}$ of £2 205 (sum paid by W Winder for share of profits) i.e. £1 102/10/-,
 deducted from £3 795 (equivalent of W Winder's Capital) + £1 897/10/-
 ($\frac{1}{2}$ of £3 795) = £5 692/10/-

S Simpson's Capital before the NEW partnership was equal to £5,692/10/-,
 i.e. £1,102/10/-, i.e. £4 590

EXERCISE XII—No. 23.

BUSINESS PURCHASE ACCOUNT

Cr.

<i>Dr</i>		<i>£</i>	<i>s</i>	<i>d.</i>		<i>£</i>	<i>s</i>	<i>d.</i>
Year 1	To Cash	1 000			Year 1	By X	7 020	
	" Balance c/d	6 371				" Interest	351	
		<u>£7 371</u>					£7 371	
Year 2	To Cash	1 000			Year 2	By Balance b/d	6 371	
	" Balance c/d	5 689	11			Interest	318	11
		<u>£6 689</u>	11				£6 689	11
Year 3	To Cash	1 000			Year 3	By Balance b/d	5 689	11
	" Balance c/d	4 974	7			Interest	284	9 7
		<u>£5 974</u>	7				£5 974	7
Year 4	To Cash	1 000			Year 4	By Balance b/d	4 974	7
	" Balance c/d	4 222	14	8		Interest	218	14 1
		<u>£5 222</u>	14	8			£5 222	14 8
Year 5	To Cash	1 000			Year 5	By Balance b/d	4 222	14 8
	" Balance c/d	3 433	17	5		Interest	211	2 9
		<u>£4 433</u>	17	5			£4 433	17 5
					Year 6	By Balance b/d	3 433	17 5

GOODWILL ACCOUNT

Cr

<i>Dr</i>		<i>£</i>	<i>s</i>	<i>d.</i>		<i>£</i>	<i>s</i>	<i>d.</i>
Year 1	To X	2 000			Year 1	By Profit and Loss	349	15
						" Balance c/d	1 650	5
		<u>£2 000</u>					£2 000	
Year 2	To Balance b/d	1 650	5		Year 2	By Profit and Loss	407	17 3
						" Balance c/d	1 242	7 9
		<u>£1 650</u>	5				£1 650	5
Year 3	To Balance b/d	1 242	7 9		Year 3	By Profit and Loss	441	7 7
						" Balance c/d	801	2
		<u>£1 242</u>	7 9				£1 242	7 9
Year 4	To Balance b/d	801	2		Year 4	By Profit and Loss	562	16 6
						" Balance c/d	238	3 8
		<u>£801</u>	2				£801	2
Year 5	To Balance b/d	238	3 8		Year 5	By Profit and Loss	238	3 8

PROFIT AND LOSS ACCOUNT
(1ST YEAR)

Cr

<i>Dr</i>		<i>£</i>	<i>s</i>	<i>d.</i>		<i>£</i>	<i>s</i>	<i>d.</i>
19	To Interest	351			19	By Balance	1 750	
	" Goodwill	349	15					
	" Balance	1 049	5					
	(Net profit)							
		<u>£1 750</u>					£1 750	

EXERCISE XII—No 23 (contd)

PROFIT AND LOSS ACCOUNT

Dr				(2ND YEAR)				Cr			
19	To Interest	£	s	d	19	By Balance	£	s	d		
	Goodwill	318	11	—			1900				
	Balance	407	17	3							
	(Net profit)	1223	11	9							
		£1900					£1900				

Dr				(3RD YEAR)				Cr			
19	To Interest	£	s	d	19	By Balance	£	s	d		
	Goodwill	284	9	7			2000				
	Balance	441	7	7							
	(Net profit)	144	2	10							
		£2000					£2000				

Dr				(4TH YEAR)				Cr			
19	To Interest	£	s	d	19	By Balance	£	s	d		
	Goodwill	248	14	1			2500				
	Balance	76	16	6							
	(Net profit)	1688	9	5							
		£2500					£2500				

Dr				(5TH YEAR)				Cr			
19	To Interest	£	s	d	19	By Balance	£	s	d		
	Goodwill	211	9	9			2060				
	Balance	238	3	8							
	(Net profit)	1610	13	7							
		£2060					£2060				

EXERCISE XII—No 24

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 19

Dr				Cr			
To Capital Accounts—	£	s	d	By Balance	£	s	d
Cox &	800				1750		
Mason	600						
Holding (agreed amount)	300						
	£1700				£1750		

EXERCISE XII—No 25

PROFIT AND LOSS ACCOUNT

	£	s	d		£	s	d
To Interest due to C. Carus & Loan	41	13	4	By Trading A/c	2,760	-	-
" Balance Net Profit to Cap A/cs							
C. Carus, $\frac{1}{2}$ £1 359 3 4							
O. Kelly $\frac{1}{2}$ £1 359 4							
	718	6	8				
	£2 760	-	-		£2,760	-	-

EXERCISE XII—No 26

PROFIT AND LOSS ACCOUNT

Dr		£	s	d			£	s	d	Cr
To Interest on Capital Accounts—					By Balance		2 000	-	-	
Hart (5% of £3 500)		175	-	-						
Capper (5% of £2 520)		126	-	-						
Bonar (5% of £1,740)		87	-	-						
" Balance (Net profit) c/d .		1 662	-	-						
		£2 000	-	-			£2 000	-	-	
To Capital Accounts—					By Balance b/d		1 662	-	-	
Hart (50% of 1st £1 000)		500	-	-						
Capper (30% of 1st £1 000)		300	-	-						
Bonar (20% of 1st £1 000)		200	-	-						
		1,000	-	-						
To Capital Accounts—										
Hart ($\frac{1}{2}$ of £662)		220	13	4						
Capper ($\frac{1}{3}$ of £662)		220	13	4						
Bonar ($\frac{1}{6}$ of £662)		220	13	4						
		£1 662	-	-			£1 662	-	-	

Dr		£	s	d			£	s	d	Cr
19					19					
Dec. 31	To Drawings	8 50	-	-	Jan. 1	By Balance	3 500	-	-	
" 31	" Balance c/d	3 545	13	4	Dec. 31	Interest	175	-	-	
					" 31	" Profit and Loss A/c (Share of Profit)	720	13	4	
		£4 395	13	4			£4 395	13	4	
					Dec. 31	By Balance b/d	3 545	13	4	

Dr		£	s	d			£	s	d	Cr
19					19					
Dec. 31	To Drawings	6 50	-	-	Jan. 1	By Balance	2 520	-	-	
" 31	" Balance c/d	2 816	13	4	Dec. 31	Interest	126	-	-	
					" 31	Salary	300	-	-	
					" 31	" Profit and Loss A/c (Share of Profit)	530	13	4	
		£3 466	13	4			£3 466	13	4	
					Dec. 31	By Balance b/d	2 816	13	4	

EXERCISE XII—No 26 (contd.)

Dr		CAPITAL ACCOUNT BONAR						Cr	
19		£	s	d	19		£	s	d
Dec 31	To Drawings	450			Jan 1	By Balance	1 740		
" 31	Balance c/d	047	13	4	Dec 31	Interest	87		
						Salary	250		
						Profit and Loss A/c (Share of Profit)	490	13	4
		497	13	4			£ 497	13	4
					Dec 31	By Balance b/d	2 047	13	4

EXERCISE XII—No 27

STATEMENT OF ADJUSTED PROFITS

	YEARS			TOTAL
	1st	2nd	3rd	
Profits for 2nd and 3rd years	£	£	£	£
Add Interest recoverable from Flynn	40	40	40	120
Salary recoverable from Flynn	100	100	100	300
	£140	£2 889	£3 645	£6 674
Less Loss of 1st year				560
Total distributable Profits				£6 114

Dr		CAPITAL ACCOUNT F FLYNN						Cr	
19		£	s	d	19		£	s	d
	To Profit and Loss A/c (Surcharge of sums paid in excess of agreed new profits share)	490				By Cash (Loan transferred)	4 000		
	Balance c/d	4 599				Profit and Loss A/c (Share of adjusted profits)	1 019		
		£5 019					£5 019		
						By Balance b/d	4 599		-

Note.—The Partners' Capital Accounts have been credited with profits on the basis of the adjusted profits.

If it is inferred that B Bartle and W West have withdrawn their respective shares of past years' profits, then the credit balance of £599 due to F Flynn under the new scheme must be borne by B Bartle and W West in the ratio of their capitals, as under—

B Bartle $\frac{1}{2}$ i.e. £359 8s 0d W West $\frac{1}{2}$ i.e. £239 12s 0d

EXERCISE XII—No. 27 (cont'd)

Dr.		CAPITAL ACCOUNT, B BARTLE				Cr.	
19			£	s	d	19	
	To Balance c/d . . .		15,057	-	-	By Balance	£ 12,000
						" Profit and Loss A/c	3,057
						(Share of adjusted profits)	
			£ 15,057	-	-		£ 15,057

Dr.		CAPITAL ACCOUNT, W WEST				Cr.	
19			£	s	d	19	
	To Balance c/d . . .		10,038	-	-	By Balance	£ 8,000
						" Profit and Loss A/c	2,038
						(Share of adjusted profits)	
			£ 10,038	-	-		£ 10,038

EXERCISE XII—No. 28

Dr.		CAPITAL ACCOUNT BROWN				Cr.	
19			£	s	d	19	
Dec 31	To Assignments—					Mar 31	
	(a) Eldest Son $\frac{1}{2}$		4,000	-	-	Sept 30	
	(b) Other Children						
	($\frac{1}{2}$ of $\frac{1}{2}$ to each)						
	(1)		1,000	-	-		
	(2)		1,000	-	-		
	(3)		1,000	-	-		
	(4)		1,000	-	-		
	Balance c/d		2,000	-	-		
			£ 10,000	-	-		

See *Advanced Accounts* page 95 (under Limited Partnership)

EXERCISE XII—No. 29

The adjustments necessary in the accounts in order to avoid loss to M and N and a gain to K are as follows—

- (1) Create a Goodwill Account and credit M and N with their respective shares, and
- (2) Provide for interest on the partners' capital

EXERCISE XII—No. 30 JOURNAL

		£				£			
		s				s			
		d				d			
19..			£	s	d		£	s	d
Jan 1	Land and Buildings . . .		250	-	-				
" 1	Capital Account, A . . .		730	-	-				
	To Plant . . .						180	-	-
	" Sundry Debtors . . .						500	-	-
	" Stock . . .						300	-	-
	For NET LOSS on revaluation of assets transferred to A as per agreement		£ 980	-	-		£ 980	-	-

EXERCISE XII—No 30 (cont'd)

Dr		CASH BOOK					Cr		
19 Jan 1	To Balance	£	s	d	19 Jan 1	By A's Capital Account	£	s	d
1	C's Capital Account	600			1	(Amount withdrawn)	930		
		1 600				Balance c/d	1 330		
		£ 600					£ 1 600		

MESSRS A B & C

BALANCE SHEET AS AT 1ST JANUARY 19

LIABILITIES								ASSETS							
Creditors and Bills payable	£	s	d	£	s	d		Bank	£	s	d	£	s	d	
Capital Account —				3 000				Debtors and Bills Receivable				1 330			
A	3 000							Stock				2 000			
B	2 000							Plant				1 670			
C	1 000							Buildings				2 250			
				6 000											
				£9 000								£9 000			

EXERCISE XIII—No 1

Dr		REALIZATION ACCOUNT				Cr			
19 Dec 31	To Sundry Assets	£	s	d	19 Dec 31	By Cash	£	s	d
31	Cash (Expenses)	4 370			31	" Discounts Recd	4 792		
31	Balance (Profit) to Capital Accounts	87							
	B Black $\frac{1}{2}$ £1864								
	W White $\frac{1}{2}$ £1864								
		973							
		£4 830							

Dr		CASH BOOK				Cr			
19 Dec 31	To Balance	£	s	d	19 Dec 31	By Sundry Creditors	£	s	d
	Realization A/c	1 0				Realization (Exps)	442		
		4 792				B Black	3 000	10	
						" White	1 146	10	
		£ 4 912					£ 4 912		

Note—The amounts paid out to B Black and W White are equal to their original Capitals plus their respective shares of PROFIT on Realization

EXERCISE XIII—No 2

Dr.		REALIZATION ACCOUNT			Cr				
19	To Sundry Assets	£	s	d	19	By Cash	£	s	d
	" Cash (Expenses)	5 500	-	-		" Discounts Received	4 680	-	-
		250	-	-		" Balance (Loss) to	160	-	-
						Capital Accounts—			
						Black, $\frac{1}{2}$	375	-	-
						White, $\frac{1}{2}$	375	-	-
							750	-	-
		£5 750	-	-			£5 750	-	-

Dr		CASH BOOK			Cr				
19	To Balance	£	s	d	19	By Creditors	£	s	d
	" Realization A/c	400	-	-		" Realization (Fgsp.)	1 700	-	-
		4 880	-	-		Capital A/c	230	-	-
						Black	2 825	-	-
						White	825	-	-
		£5 280	-	-			£5 280	-	-

Note—The amounts paid out to Black and White are equal to their original Capital less their respective shares of Loss on Realization.

EXERCISE XIII—No 3

Dr		BLACK & WHITE'S BOOKS			Profit and Loss Account			Cr		
19 Dec 31	To Capital Accounts— Black $\frac{1}{2}$ share White, $\frac{1}{2}$ share	£	s	d	19 Dec 31	By Balance	£	s	d	
		500	-	-			1 600	-	-	
		900	-	-						
		£1 000	-	-			£1 000	-	-	
19 Dec 31	To Capital Accounts— Black $\frac{2}{3}$ share White, $\frac{1}{3}$ share	£	s	d	19 Dec 31	By Balance	£	s	d	
		600	-	-			1 200	-	-	
		600	-	-						
		£1 200	-	-			£1 200	-	-	
19 Dec 31	To Capital Accounts— Black $\frac{1}{2}$ share White, $\frac{1}{2}$ share	£	s	d	19 Dec 31	By Balance	£	s	d	
		675	-	-			1,350	-	-	
		675	-	-						
		£1 350	-	-			£1 350	-	-	

Dr		BLACK'S BOOKS			Cr	
		GOODWILL ACCOUNT				
19	To W White's Capital	£	s	d		
Dec 31	(For purchase of W White's share of Goodwill)	1,800	-	-		

EXERCISE XIII—No 3 (contd)

CAPITAL ACCOUNTS

Dr		BLACK			Cr	
19 Dec 31	To Drawings	£ 500	s d	19 Jan 1	By Balance	£ 3 000
" 31	Balance c/d	3 600	- -	Dec 31	Profit and Loss	500
		£3 500	- -			£3 500
19 Dec 31	To Drawings	500	- -	19 Jan 1	By Balance b/d	3 000
" 31	Balance c/d	3 100	- -	Dec 31	Profit and Loss	600
		£3 600	- -			£3 600
19 Dec 31	To Drawings	500	- -	19 Jan 1	By Balance b/d	3 100
" 31	Balance c/d	3 275	- -	Dec 31	Profit and Loss	675
		£3 775	- -			£3 775
				Dec 31	By Balance b/d (at end of 3 years)	3 275

Dr		WHITE			Cr	
19 Dec 31	To Drawings	£ 850	s d	19 Jan 1	By Balance	£ 4 000
" 31	Balance c/d	3 850	- -	Dec 31	Profit and Loss	500
		£4 500	- -			£4 500
19 Dec 31	To Drawings	650	- -	19 Jan 1	By Balance b/d	3 850
" 31	Balance c/d	3 800	- -	Dec 31	Profit and Loss	600
		£4 450	- -			£4 450
19 Dec 31	To Drawings	650	- -	19 Jan 1	By Balance b/d	3 800
" 31	Balance c/d	3 825	- -	Dec 31	Profit and Loss	675
		£4 475	- -			£4 475
19 Dec 31	To Balance (Amount due and payable to White)	5 625	- -	19 Dec. 31	By Balance b/d (Ten 1 of 3 years) Black (White's share of Goodwill taken over)	3 875
				31		1 800
		£5 625	- -			£5 625

EXERCISE XIII—No 4

(A) Each partner will receive CASH equal to the amount of his CAPITAL ACCOUNT as per Balance Sheet

(B) As A and an additional sum to each partner as follows—

Robinson £75 (being $\frac{1}{3}$)
 Larkin £60 (being $\frac{1}{3}$)
 Sparrow £45 (being $\frac{1}{3}$) } of £180 (Profit on Realization)

(C) Each partner will receive a sum equal to Capital as per Balance Sheet less £1,010 13s 4d, the Loss on Realization being £3 122

EXERCISE XIII--No 5

Dr		REALIZATION ACCOUNT			Cr	
19	To Sundry Assets (Equal to TOTAL of Capitals and other Liabilities)	£ 10,250	s	d	19	By Cash
						£ 7,230
						By Balance (Loss) to Capital Accounts— Hawker, $\frac{1}{2}$ £2,416 Haigh, $\frac{1}{2}$ £604
						3,020
		£ 10,250			£ 10,250	

Dr		CASH BOOK			Cr	
19	To Realization Account	£ 7,230	s	d	19	By Sundry Creditors
						£ 4,250
						By Advances— Hawker
						1,500
						Haigh
						196
						Capital Account— Hawker
						1,284
		£ 7,230			£ 7,230	

Dr		CAPITAL ACCOUNT HAWKER			Cr	
19	To Realization Account (Share of loss)	£ 2,416	s	d	19	By Balance
	By Cash	1,284				£ 3,700
		£ 3,700			£ 3,700	

Dr		HAWKER (ADVANCE)			Cr	
19	To Cash	£ 1,500	s	d	19	By Cash
						£ 1,500

Dr		CAPITAL ACCOUNT HAIGH			Cr	
19	To Share of Loss on Realization	£ 604	s	d	19	By Balance
						£ 500
						By Transfer to Loan A/c
						54
		£ 604			£ 604	

Dr		HAIGH (ADVANCE)			Cr	
19	To Transfer from Capital	£ 54	s	d	19	By Cash
	By Cash	196				£ 250
		£ 250			£ 250	

EXERCISE XIII—No 6

Dr		REALIZATION ACCOUNT				Cr	
19	To Sundry Assets Cash (Expenses)	£	s	d	19	By Cash Balance (less) to Capital Accounts— Rogers £91 Hawley £54	£ s d
		19	0				18 90
			110				
							630
		£	19	630		£	19 630

Dr		CASH BOOK				Cr	
19	To Balance Realization Account	£	s	d	19	By Sundry Creditors Realization (Expense) Capital Accounts— Rogers Hawley	£ s d
		£	0				7 30
			8 99				1 0
							8 119
							5 246
		£	20	99		£	30 98

Note—Each partner receives a Cash payment equal to original Capital less share of Loss on Realization

EXERCISE XIII—No 7

Dr		CASH BOOK				Cr	
19	To Realization A/c	£	s	d	19	By Creditors Loan Account Capital Account— Linton Price Wetherby	£ s d
		16	144				6 230
							6 50
							£ 738 0
							£ 3 098
							£ 73 318
		£	16	144			9 244
						£	16 144

EXERCISE XIII—No 8

Dr		REALIZATION ACCOUNT				Cr	
19	To Sundry Asset Cash (expenses)	£	s	d	19	By Cash Balance (less) to Capital Accounts— Wood Harrison Patty	£ s d
		13	90				17 443
			83				
							£ 232
							£ 14
							£ 116
		£	13	90			522
						£	13 90

EXERCISE XIII—No 8 (contd)

Dr		CASH BOOK				Cr			
19		£	s	d	19		£	s	d
	To Balance	475	-	-		By Creditors	2,755	-	-
	" Realization Account	12 843	-	-		" Realization A/c	80	-	-
						" Capital Accounts—			
						Wood	4 765	-	-
						Harrison	9 325	-	-
						Batty . . .	2,384	-	-
		£	13 118	-			£	13 318	-

EXERCISE XIII—No 9

Dr		REALIZATION ACCOUNT				Cr			
19	To Sundry Assets . .	£	s	d	19	By Cash	£	s	d
		4,430	-	-		" Capital Accounts—	2,020	-	-
						Partridge	£1 620	-	-
						Paterson, £	810	-	-
							2 430	-	-
		£4 430	-	-			£4,430	-	-

<i>Dr</i>		CAPITAL ACCOUNT PARTRIDGE				<i>Cr</i>			
19	To Realization Share of loss)	£	s	d	19	By Balance . .	£	s	d
	" Balance c/d	1 620	-	-			4 000	-	-
		" 380	-	-					
		£4 000	-	-			£4 000	-	-
						By Balance b/d	2,380	-	-

<i>Dr</i>		CAPITAL ACCOUNT, PATERSON				<i>Cr</i>			
		(Overdrawn)							
19	To Realization (Share of loss)	£	s	d	19	By Balance	£	s	d
		810	-	-		" Balance c/d	430	-	-
		810	-	-			200	-	-
		£810	-	-			£810	-	-
	To Balance b/d	360	-	-					

EXERCISE XIII—No 10

Dr		CASH BOOK		Cr	
		Bank		Bank	
19	To Balance (NET amount on Sale of Business)	£ 13 680	19	By Creditors Loan (FINCHLEY'S) Capital Accounts— Finchley Williams	£ 4 520 1 500 5 710 1 930 £ 13 660
		£ 13 680			

Note—The NET sum received on sale of the business represented a GAIN of £390 i.e. the difference between £13 660 and £13 270 (value of business sold). The profit on Realization is shared by the partners as follows—

Finchley receives $\frac{2}{3}$ or £260
Williams receives $\frac{1}{3}$ or £130

The above sums would be received in addition to original capitals

EXERCISE XIII—No 11

Dr		PROFIT ON REALIZATION ACCOUNT		Cr	
19	To Capital Accounts— X $\frac{1}{3}$ share Y $\frac{1}{3}$ share Z $\frac{1}{3}$ share	£ 260 130 104 £ 520	19	By Balance	£ 520
					£ 520

Dr		CASH BOOK		Cr	
19	To Balance . . .	£ 11 550	19	By Creditor Capital Accounts— X $\frac{1}{3}$ Y $\frac{1}{3}$ Z $\frac{1}{3}$	£ 464 6 080 5 006 £ 11 550
		£ 11 550			

Dr		CAPITAL ACCOUNT X		Cr	
19	To Z's Capital ($\frac{1}{3}$ share) Cash	£ 180 6 080 £ 6 260	19	By Balance Profit on Realization (Share of profit)	£ 6 000 260 £ 6 260

EXERCISE XIII—No. 11 (*cont'd*)

<i>Dr</i>		CAPITAL ACCOUNT, Y				<i>Cr.</i>	
19	To Z's Capital . . . ($\frac{1}{2}$ share) : " Cash : £ 150 5 006 £5 156	s	d	19	By Balance " Profit on Realization (Share of profit) 5,000 156 £5,156	s	d

Dr		CAPITAL ACCOUNT, Z				Cr	
		(Overdrawn)					
19	To Balance . . .	£	434	s	d	19	By Profit on Realization (Share of profit)
							£ 104
							" Capital Accounts—
							X, $\frac{1}{2}$ share £180
							Y, $\frac{1}{2}$ share £150
							230
		£434					£434

EXERCISE XIII—No. 12.

<i>Dr</i>		REALIZATION ACCOUNT				<i>Cr.</i>			
19	To Sundry Assets " Cash (Expenses)	£ 14 680 180	s	d	19	By Cash " Balance (Loss) to Deficiency A/c— X, $\frac{1}{2}$ £570 Y, $\frac{1}{2}$ £800 Z, $\frac{1}{2}$ £190 1,140	£ 13 720 1,140 14 860	s — — — — — —	d — — — — — —
		£ 14 865							

Dr		DEFICIENCY ACCOUNT				Cr	
19	To Realization Account (For loss on Realiza- tion transferred)	£ 1 140	s	d	19	By Cash— X Y Z " (Amount trans- ferred to his over drawn account)	£ 570 800 190 —

EXERCISE XIII—No 12 (contd)

Dr		CASH BOOK				Cr					
19	To Balance	£	425	s	d	19	By Bills Payable	£	500	s	d
	Realization A/c		13 720	-			Bank Overdraft		2 000	-	
	" Z (amount received from his estate)		90	-			Sundry Creditors		1 650	-	
	Deficiency—						Realization (Exps.)		185	-	
	X	£	70				Capital Account—				
	Y	£	380				X $\frac{2}{3}$	£	6 330		
			950				Y $\frac{1}{3}$	£	4 220		
		£	15 190	-					10 550	-	
								£	15 190	-	

Notes—(1) X receives CASH as above i.e. £6 330 but as this amount includes his contribution on Deficiency he receives only £5 760

Y receives £4 220 which as in the case of X includes his contribution on Deficiency therefore he receives only £3 840

(2) Z's (overdrawn) account is equal to £350 + £190 (his share of Deficiency) less £90 £450 which sum is borne by X and Y in the ratio of their Capitals i.e. X bears £270 Y bears £180

EXERCISE XIII—No 13

CAPITAL ACCOUNTS

Dr			A			Cr		
19	To C's Capital ($\frac{1}{3}$ share)	£ 138	s 17	d 9	19	By Balance	£ 5 000	s d
	Cash	5 611	2	3		Realization ($\frac{1}{3}$ share of profit)	750	-
		£ 5 750					£ 5 750	-

Dr		B				Cr					
19	To C's Capital ($\frac{1}{3}$ share) Cash	£	111	s	d	19	By Balance Realization on ($\frac{1}{3}$ share of profit)	£	4 000	s	d
			4 388	17	9				500	-	-
		£	4 500	-	-			£	4 500	-	-

Dr				C (Overdrawn)				Cr			
19	To Balance	£	500	s	d	19	By Realization ($\frac{1}{3}$ share of profit) Capital Account:— A $\frac{2}{3}$ share B $\frac{1}{3}$ share	£	250	-	
								138	1	9	
								111	2	3	
		£	500	-				£	500	-	

Notes—(1) The Profit on Realization is £1 500 based on the difference between Purchase Price of £10 000 + Liabilities of £370 and total Assets £8 870

(2) The balance of Realization A/c is shared by partners in the same ratio as profits

(3) C's net deficiency is borne by A and B in the ratio of their Capitals i.e. A bears $\frac{2}{3}$ and B $\frac{1}{3}$

EXERCISE XIII—No 14

Dr		DEFICIENCY ACCOUNT		Cr			
19	To Balance . . .	£	s d	19	By Cash— Hawker Joycelyn Balance transferred to Capital A/c— Temple £	£	s d
		700				300	
						200	
						200	
		£700				£700	

Dr		CASH BOOK				Cr			
19	To Balance	£	s	d	19	By Capital Account—	£	s	d
	Deficiency	900	—	—		Hawker	1,400	—	—
	(sum brought in	300	—	—					
	by Hawker)								
	do Joycelyn	200	—	—					
		£1,400	—	—			£1,400	—	—

Dr		CAPITAL ACCOUNT HAWKER		Cr			
19	To Capital Account— Temple Cash	£	s d	19	By Balance . . .	£	s d
		400	- -			1,800	- -
		1 400	- -				
		1,800	- -			1,800	- -

EXERCISE XIII—No 15

The answer to this question is adequately dealt with at the end of *Advanced Accounts*

EXERCISE XIII—No 16

Dr		REALIZATION ACCOUNT				Cr			
19	To Sundry Assets " Cash (Expenses)	£	s	d	19	By Cash Discounts Received Balance (o/s) to Deficiency A/c	£	s	d
		7	00				6	300	
			300					100	
								900	
		£7	300				£7	300	

Dr		DEFICIENCY ACCOUNT			Cr			
19	To Realization Account (Transfer of loss)	£ 900	s	d	19	By Cash— Brown Jones Robinson (For transfer to his own drawn a/c)	£ 4 0 300 150 £900	s d
		£900					£900	

Dr		CASH BOOK			Cr				
19	To Balance Realization Account <i>Capital Account—</i> Robinson (For dividend of £8 in £100 shares estate) Deficiency Account Brown Jones	£ 1 400 6 300 16 13 4 £4 0 £900 703 <hr/> £8 665	s 13 13	d 4 4	19	By Sundry Credits Realization Account (Expenses) Loan on Mortgage <i>Capital Account—</i> Brown Jones	£ 900 300 400 3 600 £3 929 £1 650 5 665 <hr/> £9 665	s 13 13	d 4 4

Dr		CAPITAL ACCOUNT BROWN				Cr					
19	To Cash	£		s	d	19	By Balance	£		s	d
		2	500					2	500		

Dr		DRAWINGS ACCOUNT BROWN				Cr	
12	To Rob nson s O/drawn Cash	£ 273 723	s 10 3	d 8 4	13	By Balance	£ 1 000
		£1 000					£1 000

EXERCISE XIII—No 16 (contd)

Dr		CAPITAL ACCOUNT, JONES		Cr.			
19	To Cash . .	£ 1 500	s d	19	By Balance . .	£ 2 500	s d

Dr		DRAWINGS ACCOUNT, JONES				Cr.	
19	To Robinson's O/drawn " Cash	£ 102 337	s 10	d -	19	By Balance	£ 500
		£500	-	-			£500

Dr		CAPITAL ACCOUNT, ROBINSON				Cr	
		(Overdrawn)					
19	To Balance .	£	s	d	19	By Cash	£
	Deficiency .	500	-	-		" Drawings Accounts—	216
		150	-	-		Brown, £ 270/16 9	13
						Jones, £ 152/10 -	4
							8
		£650	-	-			6
							8
							-
							-

EXERCISE XIII—No 17

Dr		REALIZATION ACCOUNT				Cr			
19	To Sundry Assets " Cash (expenses)	£	s	d	19	By Cash " Balance (Loss) to Profit and Loss A/c	£	s	d
		18 282	-	-			8 600	-	-
		360	-	-			9 982	-	-
		£ 18 582	-	-			£ 18 582	-	-

Dr		PROFIT AND LOSS ACCOUNT				Cr			
19	To Realization Account (Loss on Realiza- tion transferred)	£	s	d	19	By Sundry Creditors " Capital Accounts— Morgan £ 4 783 Newell £ 2,394	£	s	d
		9,982	-	-			2,800	-	-
							7,182	-	-
		£9 982	-	-			£9 982	-	-

EXERCISE XIII—No 17 (contd)

Dr		CASH BOOK				Cr					
19	To Balance Realization A/c	£	900 8 600 £9 500	s - -	d - -	19	By Realization (Exps) Sundry Creditors	£	300 9 500 £9 500	s - -	d - -

Note—The creditors receive a dividend of 1s 4d in the £, i.e. $\frac{£9 200}{£12 000}$ to each creditor

Dr		CAPITAL ACCOUNT MORGAN				Cr					
19	To Profit and Loss A/c (Share of loss)	£	4 783	s	d	19	By Balance Balance (due from Newell)	£	4 700 68	s	d
				-	-					-	-
			£4 783	-	-				£4 739	-	-

Dr		CAPITAL ACCOUNT NEWELL				Cr					
19	To Profit and Loss Balance (due to Morgan)	£	2 394	s	d	19	By Balance	£	2 462	s	d
			68	-	-					-	-
			£2 462	-	-				£2 462	-	-

Dr		SUNDRY CREDITORS				Cr					
19	To Cash	£	9 200	s	d	19	By Balance	£	12 000	s	d
	Profit and Loss		2 800	-	-					-	-
		£	12 000	-	-			£	12 000	-	-

Dr		SUNDRY DEBTORS				Cr					
19	To Balance	£	4 082	s	d	19	By Realization A/c	£	4 082	s	d
				-	-					-	-

Dr		STOCK ACCOUNT				Cr					
19	To Balance	£	4 320	s	d	19	By Realization A/c	£	4 320	s	d
				-	-					-	-

EXERCISE XIII—No. 17 (contd)

Dr		FIXTURES AND FITTINGS ACCOUNT				Cr					
19	To Balance . . .	£	3,080	s	d	19	By Realization A/c	£	3,080	s	d

Dr		GOODWILL ACCOUNT		Cr			
19	To Balance . . .	£ 6,500	s d	19	By Realization A/c.	£ 6,500	s d

EXERCISE XIII—No. 18

Dr		REALIZATION ACCOUNT		Cr.	
19	To Sundry Assets " Cash (Expenses) " Capital Accounts— Watt, £ 288 Dawson, £ 288 576 £ 10 540	£	s d	19	By Cash " Discounts Received 10 500 40 £ 10 540
		£	s d		£

Dr		CASH BOOK		Cr	
19	To Balance	£ 1 000	s d	19	By Sundry Credits
	" Realization Account	10 500	- -		Realization (Exps.)
					Capital Accounts—
					Watt £ 288
					Dawson £ 288
		£ 11 500	- -		
					10 576
					£ 11 500

Dr		CAPITAL ACCOUNT W & JTT		Cr			
19	To Cash . . .	£ 6 288	s d	19	By Balance	£ 6 000	s d
					" Realization Account (Share of profit)	288	
		£ 6 288	-			£ 6 288	-

Dr		CAPITAL ACCOUNT, DAWSON				Cr			
19..	To Cash	£	s	d	19	By Balance " Realization (Share of profit)	£	s	d
		4,288	-	-			4,000	288	-
		£4,288	-	-			£4,288	-	-

EXERCISE XIII No 18 (contd)

Dr		SUNDRY CREDITORS			Cr				
19	To Cash Realizat on Account (Disets transferred)	£ 800 40 1900	s - - -	d - - -	19	By Balance	£ 900 £900	s - -	d - -

Dr		SUNDRY DEBTORS			Cr				
19	To Balance	£	s	d	19	By Realization A/c	£	s	d
		1 900	-	-			1 900	-	-

Dr		STOCK ACCOUNT				Cr			
19	To Balance	£	s	d	19	By Realization A/c	£	s	d
		5 000	-	-			5 000	-	-

Dr		FIXTURES AND FITTINGS ACCOUNT				Cr			
19	To Balance	£	s	d	19	By Realization A/c	£	s	d
		1 000					1 000		

Dr		LEASE ACCOUNT				Cr			
19	To Balance	£ 2 000	s -	d -	19	By Realization A/c	£ 2 000	s -	d -

EXERCISE XIII—No 19

JOURNAL ENTRY

19 .		£	s	d	£	s	d
Jan 1	<i>Capital Accounts—</i>						
	Johnson ($\frac{1}{2}$ of £1 200)	400	—	—			
	Moore ($\frac{1}{2}$ of £1 200)	300	—	—			
	Elliott ($\frac{1}{2}$ of £1 200)	300	—	—			
	Graham ($\frac{1}{2}$ of £1 200)	200	—	—			
	<i>To Capital Accounts—</i>						
	Johnson (5% of £8,500)				425	—	—
	Moore (5% of £5 500)				275	—	—
	Elliott (5% of £5 500)				275	—	—
	Graham (5% of £4,500)				225	—	—
		£1 200	—	—	£1 200	—	—

EXERCISE XIII—No 20

$$\begin{aligned}
 \text{X's Capital} &= £8\ 000 + \frac{2}{3} \text{ of } £1\ 300 \text{ (goodwill)} = 8\ 800 \\
 \text{Y's Capital} &= £5\ 000 + \frac{1}{3} \text{ of } £1\ 300 \text{ (goodwill)} = 5\ 500 \\
 \text{Z's Capital} &= £4\ 600 - £1\ 300 \text{ (goodwill)} = 3\ 300 \\
 &\underline{\underline{£17\ 600}}
 \end{aligned}$$

∴ The proportions in which profit will be shared are as under—

X will receive $\frac{2}{3}$ share

Y will receive $\frac{1}{3}$ share

Z will receive $\frac{1}{6}$ share.

EXERCISE XIII--No. 21

MESSRS FARMER & RIGHT

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

5

	£	s	d	£	s	d	£	s	d
To Stock 1st Jan				4 195	-	-			
Purchases	5 806	-	-						
Less Returns Outwards	816	-	-						
" Carriage				5 050	-	-			
" Manufacturing Wages				279	-	-			
" Balance Gross Profit c/d				1 897	-	-			
				5 521	-	-			
				14 942	-	-			
To Salaries Travelers etc				750	-	-			
Rent Rates and Taxes				566	-	-			
Bills Debts				135	-	-			
Selling Expenses	379	-	-						
Less Fire Insurance prepaid	10	-	-						
Discounts Allowed				369	-	-			
Local Expenses				428	-	-			
By Debt Reserve (5% of £3 200)	164	10	-						
Less Old Reserve	129	-	-						
				35	10	-			
Discount Reserve on Debtors (3) % of £1 200 = £1644				117	4	-			
Depreciation— Plant and Machinery (10% of £2 000)				205	-	-			
Interest Accounts— Cash Creditors (amount due)	70	-	-						
Capital Accounts— Preference (5% of £4 720)	231	-	-						
Reserve (5% of £3 780)	189	-	-						
				490	-	-			
Balance Net Profit to Capital Accounts— Preference, 5% share	358	8	9						
Reserve, 5% share	248	17	2						
				597	2	11			
				£3 845	17	-			

EXERCISE XIII—No 21 (cont'd).

MISSRS FARMER & RIGHT

BALANCE SHEET AS AT 31ST DECEMBER, 19 .

LIABILITIES.		£	s	d	£	s	d	Assets		£	s	d	£	s	d
Cash Creditor					2 070	12		Cash in hand					30	10	6
Bills Payable.		1 954	17		907			Cash at Bank					929	10	6
Sundry Creditors															
Less Discount Reserve								Bills Receivable							
								Sundry Debtors					3 290		
								Less Bad Debts Res							
								Discount Reserve					291	14	1
					</										

EXERCISE XIII—No 22

SMITH THOMPSON & CO

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stocks, 1st Jan							By Sales—						
Copper	12 008	—	3				Copper	37 443	7	1			
Tin	875	11	4				Tin	9 476	3	8			
Iron	3 026	14					Iron	67 753	11	6			
				15 910	5	7	Pig Iron	76 942	8				
" Purchases—							Stocks 31st Dec				211 617	10	3
Copper	40 170	12					Copper	22 111	14	2			
Tin	8 426	18	9				Tin	617	18	10			
Iron	66 983	7	2				Iron	6 513	4	1			
Pig Iron	3 536	14	1								29 242	17	1
" Carriage				211 117	12	—							
" Bal. Gross Profit				1 463	13	7							
				12 368	16	2							
				240 860	7	4					240 860	7	4

SMITH THOMPSON & CO

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Loss on Discounting Bills				829	7	3	By Trading Account Gross Profit				12 368	16	2
Rent				200	—								
" Discounts allowed				4 423	9	11							
" Salaries of Office Staff				316	4								
" Partnership Salaries				1 000	—								
" Warehouse Wages				226	—								
" Bank Interest				332	12	4							
" Office and Warehouse Exps				574	19	9							
" Int. on Cap A/cs—													
Wm. Smith (5% of £15 000)	750	—	—										
Jos. Thompson (5% of £12 000)	600	—	—	1 350	—								
" Bal.—Net Profit to Cap A/cs—													
Wm. Smith ½ share	1 508	1	6										
Jos. Thompson ½ share	1 508	1	8										
				3 116	2	11							
				12 368	16	2					12 368	16	2

EXERCISE XIII—No. 22 (contd)

SMITH, THOMPSON & CO

BALANCE SHEET AS AT 31st DECEMBER, 19..

[illegible]

EXERCISE XIII--No 23

<i>Dr</i>			CASH			1			<i>Cr</i>				
19 Aug 31	To Balance Realization Account	b/d	£	200	s	d	19 Aug 31	By Realisation Ex penses	9	£	38	s	d
		9		040				Sundry Creditors	6		2 201	-	-
			<u>£</u>	<u>2 240</u>							<u>£</u>	<u>2 240</u>	

Dr		SUNDRY DEBTORS				2	Cr						
19 Aug 31	To Balance	b/d	£	215	s	d	19 Aug 31	By Realization A/c	9	£	215	s	d

<i>Dr</i>		<i>Stock</i>				<i>3</i>		<i>Cr</i>			
19 Aug 31	To Balance	b/d	£ 860	s -	d -	19 Aug 31	By Realization A/c	9	£ 860	s -	d -

Dr		FIXTURES				4	Cr			
19 Aug 31	To Balance	b/d	£ 1 900	s d	10 Aug 31	By Realization A/c	9	£ 1 900	s d	

EXERCISE XIII—No 23 (contd)

Dr		MOTOR VEHICLES			5	Cr		
19 Aug 31	To Balance	b/d	£ 1 400	s —	d —	19 Aug 31	By Realization A/c	9 £ 1 400 s — d —

Dr		SUNDRY CREDITORS			6	Cr		
19 Aug 31	To Cash P & L on Realiza- tion Account	1 10	£ 2 201 1 708 £3 409	s — — —	d — — —	19 Aug 31	By Balance	b/d £ 3 409 s — d —

Dr		HARDY—CAPITAL ACCOUNT			7	Cr		
19 Aug 31	To P & L on Realiza- tion A/c	10	£ 744 £744	s — —	d — —	19 Aug 31	By Balance Ivor Capital A/c	b/d 8 £ 708 36 £744 s — — — d — —

Dr		IVOR—CAPITAL ACCOUNT			8	Cr		
19 Aug 31	To P & L on Realiza- tion A/c Hardy— Capital A/c	10 7	£ 372 36 £408	s — — —	d — — —	19 Aug 31	By Balance	b/d £ 408 s — d —

Dr		REALIZATION ACCOUNT			9	Cr		
19 Aug 31	To Sundry Debtors Stock Furniture Motor Vehicles Cash—Realiza- tion Expenses	2 3 4 5 1	£ 715 860 1 800 1 400 95 £4 414	s — — — — — —	d — — — — — —	19 Aug 31	By Cash Balance to P & L on Realization Account	1 10 £ 2 040 2 374 £4 414 s — — — d — —

Dr		PROFIT AND LOSS ON REALIZATION ACCOUNT			10	Cr		
19 Aug 31	To Realization A/c	9	£ 2 374 £ 374	s — —	d — —	19 Aug 31	By Sundry Creditors Capital Hardy Capital Ivor	6 7 8 £ 1 208 744 372 £2 374 s — — — d — —

The divide d 1 and to cr ditors is £ 408 1-81 in the £

EXERCISE XIII—No 27.

PROFIT AND LOSS ACCOUNT

Dr	FOR THE YEAR ENDED 31ST DECEMBER 19..			Cr
To Interest on Capital Accounts—	£	s	d	
Cowan (2½% of £5,400)	272	10	—	
Bennett (3% of £4,520)	226	—	—	
Loan Interest (due to Bennett)	37	10	—	
Partnership Salary (due to Bennett)	300	—	—	
Rent (due to Cowan)	500	—	—	
Balance, <i>Net Profit to Cap A/cs</i>				
Cowan (½ share)	657	—	—	
Bennett (½ share)	657	—	—	
	£2,650	—	—	
				By Balance
				£2,650 — —

CAPITAL ACCOUNTS

BENNETT (CREDIT SIDE)

COWAN (CREDIT SIDE)

19		£	s	d	19		£	s	d
Jan 1	By Balance	4,520	—	—	Jan 1	By Balance	5,400	—	—
" 31	" Cash (loan)	1,000	—	—	Dec 31	" Interest . . .	272	10	—
Dec. 31	" Interest	226	—	—	" 31	" Rent	500	—	—
" 31	" Loan Interest	37	10	—	" 31	" Profit and Loss (Share of profit)	657	—	—
" 31	" Salary	300	—	—					
" 31	" Profit and Loss (Share of profit)	657	—	—					
		£6,740	10	—			£6,879	10	—

EXERCISE XIII—No 28

JOURNAL

	£	s	d	£	s	d
Goodwill Account	2,000	—	—			
To A. Aplin's Capital Account, ⅔				1,200	—	—
" C Charles's Capital Account, ⅓				800	—	—
For their respective shares of goodwill						
	£2,000	—	—	£2,000	—	—

(Dr SIDE)

CASH BOOK

		Bank.
To P Paton's Capital Account . . .		£1,500 — —
Allocation of Profits are as under—		
A Aplin's share will be ⅔ of ⅔ = ⅔		
C Charles's share will be ⅓ of ⅔ = ⅓		
P Paton (as agreed) will take ⅓ or ⅓		

EXERCISE XIII—No 29

Dr		CASH BOOK				Cr		
		Bank				Bank		
		£	s	d		£	s	d
19	To M Marsden's Capital	1	60	-	19	By B Blackburn's Cap	1	60
	B Blackburn's Cap		160			(Share of Goodwill		
	($\frac{1}{2}$ of premium paid					withdrawn)		
	for Goodwill)					P Pinner's Capital	80	-
	P Pinner's Capital		80	-		(Share of Goodwill		
	($\frac{1}{2}$ of premium paid					withdrawn)		
	for Goodwill)					Balance c/d	1 560	-
		£1 800					£1 800	
	To Balance b/d	1 560						

EXERCISE XIII—No 30

CASH BOOK
(DEBIT SIDE)

		Bank		
		£	s	d
	To R Reid's Capital	1 560	-	-
	G Gardner's Capital (For $\frac{2}{3}$ share of premium)	160	-	-
	C Campbell's Capital (For $\frac{1}{3}$ share of premium)	80	-	-
		£1 800	-	

EXERCISE XIV—No 1

<i>Dr</i>		BRANCH ACCOUNT				<i>Cr.</i>			
19 Mar 1	To Goods to Branches	£	s	d					
		9	0	-					

<i>Dr</i>		GOODS SENT TO BRANCHES				<i>Cr</i>			
					19 Mar 1	By Branch A/c	£	s	d
							9	0	-

EXERCISE XIV—No 2

HEAD OFFICE BOOKS

<i>Dr</i>		BRANCH ACCOUNT				<i>Cr</i>			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By Cash	£	s	d
Dec 31	" Goods from H O	5	508	10 4	" 31	" Returns to H O	6	871	16 8
" 31	" Cash (Wages)	362	5	8	" 31	" Stock c/d	42	10	9
" 31	" (Rent)	140	10	6			783	15	4
" 31	" Cash (Rates, Taxes and Insurance)	63	11	9					
" 31	" Cash (Sundry Exps.)	81	4	3					
" 31	" Profit and Loss A/c (Profit)	733	5	1					
		£7,710	2	9			£7,710	2	9
Dec 31	To Stock t/d	793	15	4					

EXERCISE XIV- No 3 (A)

HEAD OFFICE BOOKS

Cr

BRANCH ACCOUNT

Dr

		Invoice Price				Invoice Price	
19 Jan 1 Jan-Dec Dec 31	To Stock " Goods from H O " Bal Gross Profit	s	d	s	d	s	d
		£		£		£	
		920	16 8	690	12 6	6855	8
		6 841	19 4	5 131	9 6	895	15 4
				1 704	15 2	12	-
		£7 762	16 -	£7 526	17 2	£7 762	16
Dec 31	To Stocks b/d	895	15 4	671	16 6		
						6855	8
						671	16 6
						£7 526	17 2

EXERCISE XIV—No 3 (A) (contd)

Dr				BRANCH ACCOUNT (contd).				Cr			
19		£	s	d	19		£	s	d		
Dec 31	To Wages and salaries	372	6	9	Dec 31	By Trading A/c	1704	15	2		
" 31	" Rates, Taxes & Insure	80	10	4		(Gross Profit)					
" 31	" Rent	145	15	6							
" 31	" Sundry Expenses	39	14	11							
" 31	" Balance, Net Profit	1,066	7	8							
		£1704	15	2			£1,704	15	2		

EXERCISE XIV—No 3 (B)

HEAD OFFICE BOOKS

Dr				BRANCH ACCOUNT				Cr			
19		£	s	d	19		£	s	d		
Jan 3	To Stock	820	16	8	Jan -Dec.	By Cash	6825	-	8		
Jan -Dec	" Goods from H O	6,841	19	4	Dec 31	" Stock c/d	895	15	4		
					31	" Branch Adjustm't	12	-	-		
						A/c (apparent loss)					
		£7762	16				£7,762	16	-		

Dr				BRANCH ADJUSTMENT ACCOUNT				Cr			
19		£	s	d	19		£	s	d		
Dec 31	To Balance (% on Stock)	223	18	10	Dec 31	By Balance (% on Stock)	220	4	2		
" 31	" Branch A/c	12	-	-	" 31	" Goods sent to Brchs	1,710	9	10		
" 31	(apparent loss)					(% on Goods)					
" 31	Branch Profit & Loss	1,704	15	2							
	(Gross Profit)										
		£1940	14				£1940	14	-		

D				GOODS SENT TO BRANCHES				Cr			
19		£	s	d	19		£	s	d		
Dec 31	To Branch Adjustm't A/c	1710	9	10	Jan -Dec.	By Branch A/c	6841	19	4		
" 31	" Trading A/c	5,131	9	6							
	(Goods at Cost)										
		£6841	19	4			£6841	19	4		

EXERCISE XIV—No 4 (b)

Dr		BRANCH GOODS ACCOUNT				Cr	
19		£	s	d	19		£ s d
Jan 1	To Balance	625	13	4	June 30	By Sales—	
Jan June	" Goods from H O	2,517	16	8		Cash £1,608/11/5	
"	" Returns Inwards	28	11	4		Credit 2,976/14/2	
"	" Allowances	13	8	11			4 585 5 7
"	" Branch Profit and Loss A/c	2 037	10	10	" 30	" Returns to H O	42 - -
"	(Gross Profit)				" 30	" Stock c/d	592 10 6
		£5 223	1	1			£5 223 1 1
July 1	To Bal (Stock) b/d	592	15	6			

Dr.		BRANCH EXPENSES ACCOUNT					Cr		
19		£	s	d	19		£	s	d
June 30	To Rent, Rates etc	108	12	7	June 30	By Branch Profit and	817	3	5
" 30	" Wages and Salaries	294	6	8		Loss A/c (Transfer)			
" 30	" Sundry Expenses	63	12	5					
" 30	" Bad Debts	218	6	3					
" 30	" Discounts	132	5	6					
		£817	3	5			£817	3	5

Dr		BRANCH DEBTORS' ACCOUNT				Cr		
19		£	s	d	19	£	s	d
Jan 1	To Balance	1 475	9	10	Jan June	By Cash	2 516	14 2
Jan June	Sales	2 976	14	2	"	Discount	1 12	5 6
					"	Returns Inwards	24	11 4
					"	Allowances	13	8 11
					"	Bad Debts	215	6 3
					June 30	Balance c/d	1 542	17 10
		64 452	4	-			64 452	4 -
July 1	To Balance b/d	1 542	17	10				

Dr		BRANCH PROFIT AND LOSS ACCOUNT			Cr			
FOR THE HALF YEAR ENDED 30TH JUNE 19								
		£	s	d		£	s	d
To Branch Expenses	817	3	5	By Branch Goods A/c	2,037	10	10	
" Head Office Profit & Loss A/c (NET profit transferred)	1 220	7	5					
	£2,037	10	10		£2,037	10	10	

HEAD OFFICE BOOKS
BRANCH A ACCOUNT

Cr

Dr

	Invoice Price		Invoice Price		Invoice Price
To Stock 1st Jan	£ 1 338 3 4		£ 9 662 2 4		£ 9 662 2 4
Goods from Head Office	9 846 12 4		1 476 12 4		1 107 9 3
Excess in Stock	12 4 8		28 9 4		21 7
" Balance Gross Profit c/d			29 16 8		
	£ 11 197 4 10 790 18 3		£ 11 197 4 10 790 18 3		
		By Sales			
		Stock 31st Dec			
		Returns to Head Office			
		Allowances off Selling Price			

Dr

BRANCH B ACCOUNT

Cr

	Invoice Price		Invoice Price		Invoice Price
To Stock 1st Jan	£ 1 672 12 4		£ 10 183 8 8		£ 10 183 8 8
Goods from Head Office	10 408 15 8		1 814 12 8		1 360 19 6
" Balance Gross Profit c/d			46 11 8		34 19 9
			10 4 8		
			26 10 4		
	£ 12 081 8 11 579 6 11		£ 12 081 8 11 579 6 11		
		By Sales			
		Stock 31st Dec			
		Returns to Head Office			
		Shortage in Stock			
		Allowances off Selling Price			

EXERCISE XIV—No. 5 (contd)

(Dr side) BRANCH A EXPENSES ACCOUNT

	£	s	d
To Sundry Expenses	80	12	4
" Salaries	248	15	6
" Rent, Rates, and Taxes	250	16	8
" Depreciation	24	13	9
<i>Total to Transfer to Branch A Profit and Loss A/c</i>	£604	18	3

(Dr side) BRANCH B EXPENSES ACCOUNT

	£	s	d
To Sundry Expenses	139	16	5
" Salaries	318	13	2
" Rent, Rates, and Taxes	296	14	8
" Depreciation	35	17	1
<i>Total to Transfer to Branch B Profit and Loss A/c</i>	£791	1	4

EXERCISE XIV No 6

APPROXIMATE STOCK ACCOUNT

Cr

Dr		19				19				Cr			
			f	s	d						f	s	d
Mar 1	To Balance		3 027	16	11	Mar 31					1,543	10	9
	" Purchases		892	19	6						37	15	4
	Less Returns Outwards		3 920	16	5						1 505	15	5
			28	9	1						301	3	1
											1,204	12	4
											2 687	15	-
Apr 1	To Balance (estimated Stock) b/d		3,892	7	4						3,892	7	4
			2,687	15	-								

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr

	Liverpool Branch			Reading Branch			Total				Liverpool Branch			Reading Branch			Total		
	£	s	d	£	s	d	£	s	d		£	s	d	£	s	d	£	s	d
To Stock 1st Jan	4 807	13	9	3 946	15	7	8 754	9	4	By Sales Net	26 156	18	3	21 546	15	10	47 703	14	1
By Purchases Net	11 918	14	4	9 867	13	9	21 786	8	1	Stock 31st Dec	5 016	14	8	4 028	11	5	9 045	6	1
By Carriage Inwards	509	12	8	457	11	6	967	4	2										
By Wages	2 386	18	4	1 846	15	9	4 233	14	1										
Balance Gross	11 550	13	10	9 456	10	8	21 007	4	6										
Profit c/d										£	31 173	12	11	25 575	7	3	56 749	-	2
To Bad Debts	607	14	9	550	18	6	1 158	13	3	By Trading A/cs	11 550	13	10	9 456	10	8	21 007	4	6
By Travellers Salaries etc	1 814	5	10	1 328	13	7	3 142	19	5	Discts Received	513	15	8	398	16	2	912	11	10
Discounts Allowed	1 605	10	2	1 572	14	8	3 178	4	10										
Sundry Expenses	3 017	14	11	2 856	11	5	5 874	6	4										
Horse & Stable Exps	327	3	7	246	9	10	573	13	5										
Rent Rates & Taxes	382	10	6	298	10	6	681	1											
Bad Debts Reserve	845	15	7	674	2	6	1 519	18	1										
Depreciation	40	12	11	25	1	9	65	14	8										
Balance Net Profit of Branches	3 423	1	3	2 302	4	1	5 725	5	4										
£	12 064	9	6	9 845	6	10	21 919	16	4	£	12 064	9	6	9 855	6	10	21 919	16	4

GENERAL PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr

Dr.	£	s	d	£	s	d	£	s	d
To Salaries	987	16	2	By Branch Profits—					
Directors' Fees	450	10	6	Liverpool	3 423	1	3		
Debtenture Interest	600	—	—	Reading	2,302	4	1	5 725	5
Rent, Rates, and Taxes	287	14	6						
Depreciation	17	10	4						
Balance Net Profit	3 381	13	10					£5,725	5
	£5 725	5	4						4

BALANCE SHEET AS AT 31ST DECEMBER 19..

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d
Share Capital—							Horses, Harness, Vehicles etc.	3 655	6	7
23 000 Shares of £1 each, fully paid				22 000	—	—	less depreciation			
5% Debentures				10 000	—	—	Furniture, Fixtures, and Fittings.	749	5	—
Reserve Fund Account				7 500	—	—	less depreciation	9,045	6	1
Bills Payable				2 514	11	2	Stock-in-Trade	30,398	1	5
Sundry Creditors				8 216	15	9	Sundry Debtors	1,519	18	1
Profit and Loss Account—							Less Bad Debts Reserve			
Profit for Year	3 381	13	10				Cash at Bank	8 916	9	3
Less Interim Dividend	2 200	—	—				„ in hand	168	10	6
				1 181	13	10				
				£51,413	—	9				
								£51,413	—	9

EXERCISE XIV—No 8

HEAD OFFICE TRIAL BALANCE (CONVERTED)

	£	s	d	£	s	d
Sundry Assets	12 317	4	2			
Branch Current Account	3 710	11	4			
Goods in Transit	250	-	-			
Sundry Creditors				3 017	15	6
Remittances from Branch				1 260		
Capital				12 000	-	-
	£16 277	15	6	£16 277	15	6

BRANCH TRIAL BALANCE (CONVERTED)

	£	s	d	£	s	d
Sundry Assets	2 847	10	9			
Remittances to Head Office	1 260					
Remittances in Transit	60	-	-			
Sundry Creditors				456	19	5
Head Office Account				3 710	11	4
	£4 167	10	9	£4 167	10	9

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Capital	12 000		-	Sundry Assets	15 164	14	11
Sundry Creditors	3 474	14	11	Goods in Transit	250		-
				Remittances in Transit	60	-	-
	£15 474	14	11		£15 474	14	11

EXERCISE XIV—No. 9

HEAD OFFICE JOURNAL

		<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>
19 Dec 31	Remittances from Branch	2,360	-	-	2 360	-	-
	To Branch Account						
	Balance transferred						
" 31	Branch Trading Account	3,676	15	6	3,676	15	6
	To Branch Account						
	Stock, 1st Jan	675	11	2			
	Purchases	2,916	16	7			
	Carriage Inwards	84	7	9			
	Balances transferred						
" 31	Branch Account	5 173	12	4	5,173	12	4
	To Branch Trading Account						
	Sales	4 482	16	8			
	Stock, 31st Dec	710	15	8			
	Balances transferred						
" 31	Branch Trading Account	1 496	16	10			
	Branch Account	10	14	11			
	To Branch Profit and Loss Account				1,507	11	9
	Gross profit and discount received transferred						
" 31	Branch Profit and Loss Account	740	12	11	740	12	11
	To Branch Account						
	Wages and Salaries	428	13	11			
	Rent, Rates and Taxes	92	15	3			
	Discounts Allowed	86	19	4			
	Sundry Expenses	65	11	7			
	Bad Debts	35	18	5			
	Depreciation	30	14	5			
	Balances transferred						
" 31	Branch Profit and Loss Account	766	18	10	766	18	10
	To Head Office Profit and Loss A/c						
	Net profit of branch transferred						
		£ 14 225	11	4	£ 14 225	11	4

HEAD OFFICE BOOKS

Dr

REMITTANCES FROM BRANCH

Cr.

		<i>£</i>	<i>s</i>	<i>d</i>		<i>£</i>	<i>s</i>	<i>d</i>
19 Dec 31	To Branch A/c	2,360	-	-	19 Jan Dec	By Cash	2 360	-

EXERCISE XIV—No 9 (contd)

Dr		BRANCH ACCOUNT					Cr		
19		£	s	d	19		£	s	d
Jan 1	To Balance	3 516	16	6	Dec 31	By Remittances from			
Dec 31	Branch Trading	5 173	12	4		Branch A/c	2 360		
31	Branch Profit & Loss	10	14	11	31	Branch Trading	3 678	15	6
					31	Branch Profit & Loss	740	12	11
					31	Balance c/d	1 923	15	4
		£8 701	3	9			£8 701	3	9
19									
Jan 1	To Balance b/d	1 923	15	4					

BRANCH TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 Cr

To Branch Account—		£	s	d	By Branch Account—		£	s	d
Stock 1st Jan		67	11	2	Sales		4 462	16	8
Purchases		2 916	16	7	Stock 31st Dec		710	15	8
Carriage Inwards		84	7	9					
Branch Profit & Loss A/c (gross profit)		1 496	16	10					
		£5 173	12	4			£5 173	12	4

BRANCH PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 Cr

To Branch Account—		£	s	d	By Branch Trading A/c		£	s	d
Wages & Salaries		428	13	11	(gross profit)		1 496	16	10
Rent Rates and Taxes		92	15	3	Branch Account—				
Discts Allowed		86	19	4	Discts Received		10	14	11
Sundry Expenses		65	11	7					
Bad Debts		35	18	5					
Depreciation		30	14	5					
Head Office Profit & Loss A/c (NET profit transferred)		766	18	10					
		£1 507	11	9			£1 507	11	9

EXERCISE XIV—No 9 (contd)

BRANCH BOOKS

Dr		REMITTANCES TO HEAD OFFICE				Cr	
19 Jan-Dec.	To Cash	£	s	d	19 Dec. 31	By Head Office A/c	£ s d
		2 360	-	-			2 360 - -

Dr		HEAD OFFICE ACCOUNT				Cr	
19 Dec. 31	To Remittances to Head Office A/c	£	s	d	19 Jan 1	By Balance	£ s d
		2 360	-	-	Dec. 31	" Profit and Loss A/c (Transfer of NET profit)	3 516 16 6
	" Balance c/d	1 923	15	4			766 18 10
		£4,283	15	4			£4,283 15 4
					19 Jan. 1	By Balance b/d	1,923 15 4

TRADING AND PROFIT AND LOSS ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER, 19..				Cr	
To Stock 1st Jan	£	s	d	By Sales	£	s	d
" Purchases from H O	675	11	2	" Stock, 31st Dec.	4 462	16	8
" Carriage Inwards	2 916	16	7		710	15	8
" Bal. GROSS PROFIT	84	7	9				
	1 496	16	10				
	£5 173	12	4			£5,173	12 4
To Wages and Salaries	428	13	11	By Trading Account	1 496	16	10
" Rent Rates & Taxes	92	15	3	" Discount Received	10	14	11
" Sundry Expenses	65	11	7				
" Bad Debts	35	18	5				
" Discounts Allowed	86	19	4				
" Depreciation	30	14	5				
" H O A/c (NET profit transferred)	766	18	10				
	£1 507	11	9			£1 507	11 9

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES		£	s	d	ASSETS		£	s	d
Sundry Creditors		154	12	6	Cash		187	5	10
Head Office Account—					Sundry Debtors		847	13	5
Balance 1st Jan.	3,516 16 6				Stock		710	15	8
Less Remittances	2 360 - -				Horses and Carts		256	14	2
	£1,156 16 6				(less Depreciation)				
Add Profit for year.	766 18 10				Furniture and Fixtures		75	15	9
		1,923	15	4	(less Depreciation)				
		£2 078	7	10			£2 078	7	10

FOR THE YEAR ENDED 31ST DECEMBER 19

GENERAL TRADING AND PROFIT AND LOSS ACCOUNT

Cr

	London			Edinburgh			Dublin			Total			Total		
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Jan	6 174	10	7	4 629	15	4	3 852	19	4	14 657	5	3	125 375	1	11
Purchases	37 838	19	5	29 085	17	2	24 678	10	2	91 641	6	9	19 375	18	3
Branches from													15 011	6	1
" Branches	3 047	8	10	2 875	14	9	2 359	11	6	8 282	15	1			
" Carriage inwards	584	13	8	425	9	10	397	11	7	1 357	15	1			
" Wages	3 814	3	9	2 672	11	5	2 075	16	3	9 561	11	5			
" Balance c/d	13 578	3	4	8 568	19	3	8 084	10	1	30 947	12	8			
Gross Profit	£ 65 033	15	7	48 279	7	9	41 448	18	11	£ 154 262			£ 154 262	6	3
To Discounts Allowed	627	16	8	457	9	8	357	9	10	1 442	18	2			
" Carriage Outwards	925	14	9	814	4	11	699	15	8	2 432	15	4			
" And Debits	368	18	5	219	15	3	156	13	9	685	7	5			
" Frig & Stationery	297	1	3	229	16	5	126	17	5	613	11	3			
" Advertising	286	17	5	235	18	9	19	6	4	729	17	4			
" Salaries	732	19	11	596	18	4	438	14	2	1 766	12	5			
" Trade Expenses	197	14	11	134	13	7	86	18	4	419	6	10			
" Depreciation of Plant etc	571	13	2	440	13	2	341	17	6	1 344	1	10			
" Int on Capitals	1 012	6	9	708	12	6	513	16	9	2 254	16				
" Balance c/d	9 132	2	11	8 132	10	2	5 481	12	10	19 746	5	11			
NET PROFIT	£ 14 073	17	2	£ 8 971	12	9	£ 8 392	7		£ 31 437	10	6			
To Capital & Discounts—															
" 1. 1. nch (London)	6 088	1	10	1 293	2	7	1 827	4	3	9 198	8	8			
" G. Green (Edinburgh)	1 892	7	7	2 576	5	1	1 527	4	3	5 915	9	11			
" R. Roberts (Dublin)	1 32	0	0	1 283	2	6	1 827	4	4	4 632	7	4			
	£ 9 112	2	11	£ 5 132	10	2	£ 5 431	12	10	£ 19 746	5	11			
By Sales	54 719	11	8	40 207	13	6	34 447	16	9	125 375	1	11			
By Sales to Branches	4 028	16	8	3 318	15	9	3 028	5	10	19 375	18	3			
Stock 31st Dec	6 285	11	3	4 752	18	6	3 972	16	4	15 011	6	1			
By Trading Accounts	13 576	3	4	8 568	19	3	8 084	10	1	30 247	12	8			
Discounts Received	497	13	10	384	13	6	307	10	6	1 189	17	10			
By Branch Profits Net	£ 14 073	17	2	£ 8 971	12	9	£ 8 392	7		£ 31 437	10	6			
	9 132	2	11	5 132	10	2	5 481	12	10	19 746	5	11			
	£ 29 132	2	11	£ 15 132	10	2	£ 15 481	12	10	£ 19 746	5	11			

EXERCISE XIV—No. 10 (cont'd.)

BALANCE SHEET (ORDINARY FORM) AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XIV—No. 10 (contd)

LONDON'S LEDGER

Dr		EDINBURGH CURRENT ACCOUNT				Cr		
		£	s	d		£	s	d
19					19			
Jan 1	To Balance	2,388	14	5	Dec 31	By F Finch	1,522	- 7
Dec 31	" G Green	1,283	2	7		(Share of London Profit)		
	(Share of 1914 brought Profit)				31	" Balance c/d	2,147	16 5
		£1,663	17	-			£3,109	17 -

Dr		DUBLIN CURRENT ACCOUNT				Cr			
		£	s	d			£	s	d
19					19				
Jan 1	To Balance	2 017	18	9	Dec 31	By F Finch	1 522	-	8
Dec 31	" R Roberts (Share of DUBLIN Profit)	1 827	4	3		(Share of London Profit)			
					31	" Balance c/d	2 923	2	6
		£3 845	3	-			£3 845	3	-

Dr		F. FINCH'S CAPITAL ACCOUNT				Cr		
		£	s	d		£	s	d
19					19			
Dec 31	To Drawings	9 000			Jan 1	By Balance	20 646	13 7
" 31	Balance c/d	27 877	11	-	Dec 31	" Interest	1 032	6 9
					"	Share of Profit—		
						London	6 088	1 10
						Edinburgh	1 283	2 7
						Dublin	1 827	4 3
		£ 27 877	11	-			£ 30 877	11 -
					Dec 31	By Balance b/d	27 877	11 -

EDINBURGH'S LEDGER

Dr		LONDON CURRENT ACCOUNT				Cr		
19		£	s	d	19	£	s	d
Dec 31	To F Finch (Share of London Profit)	1 522	-	7	Jan 1	By Balance	2 388	14 5
" 31	" Balance c/d	2 147	16	5	Dec 31	" G Green (Share of Edinburgh Profit)	1 283	2 7
		£3 669	17	-			£3 669	17 -

Dr		DUBLIN CURRENT ACCOUNT				Cr		
		£	s	d		£	s	d
19 Jan. 1	To Balance	1 027	12	8	19 Dec 31	By G Green	1 283	2 6
Dec 31	" R Roberts (Share of Dublin Profit)	1 827	4	3		(Share of Edin Profit)		
					" 31	" Balance c/d	1,571	14 5
		£2 854	16	11			£2 854	16 11

EXERCISE XIV—No 10 (contd)

Dr		G GREEN'S CAPITAL ACCOUNT										Cr		
19				£	s	d		19				£	s	d
Dec 31	To Drawings			2,500				Jan 1	By Balance			14 172	10	3
31	Balance c/d			18 296	12	10		Dec 31	Interest			708	12	6
								31	Share of Profit—					
									London			1 522		7
									Edinburgh			2 566	5	1
									Dublin			1 827	4	3
				£	20 796	12 10						£	20 796	12 10
								Dec 31	By Balance b/d			18 296	12	10

DUBLIN S LEDGER

Dr		LONDON CURRENT ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Dec 31	To F Finch	1 522	-	6	Jan 1	By Balance	2 017	18	9
	(Share of LONDON Profit)				Dec 31	R Roberts	1 827	4	3
	Balance c/d	2 323	2	6		(Share of DUBLIN Profit)			
" 31		£3 845	3				£3 845	3	

Dr		EDINBURGH CURRENT ACCOUNT						Cr			
19			£	s	d	19			£	s	d
Dec 31	To G Green		1 283	2	6	Jan 1	By Balance		1 027	12	8
	(Share of Edin burgh Profit)					Dec 31	R Roberts		1 827	4	3
" 31	, Balance c/d		1 571	14	5		(Share of DUBLIN Profit)				
			£2 854	16	11				£2 854	16	11

Dr				R ROBERTS'S CAPITAL ACCOUNT				Cr				
19				£	s	d		19				
Dec 31	To Drawings			2 000				Jan 1	By Balance	£	s	d
" 31	Balance c/d			13 422	18	4		Dec 31	Interest	10 276	14	3
									Share of Profit—	513	16	3
									London	1 522		6
									Edinburgh	1 283	2	6
									Dublin	1 827	4	4
				£	15 422	18 4				£	15 422	18 4
								Dec 31	By Balance b/d	13 422	18	4

EXERCISE XIV—No 11

HEAD OFFICE BOOKS

Dr.		BRANCH ACCOUNT (MANCHESTER)					Cr		
19 July 1	To Balance—	£	s	d	19 July-Dec	By Sales—	£	s	d
	Stock	720	-	-		Cash	1 214	-	-
	Debtors	1 227	-	-		Credit	2 384	-	-
July-Dec.	" Goods from H O	2 178	-	-	Dec 31	" Balance c/d—			
Dec 31	" Balance	1 804	-	-		Stock	1,121	-	-
	GROSS PROFIT					Debtors	1 210	-	-
		£3 929	-	-			£3 929	-	-

BRANCH PROFIT AND LOSS ACCOUNT

<i>Dr</i>		FOR HALF YEAR ENDED 31ST DECEMBER, 19..			<i>Cr.</i>		
	£	s	d		£	s	d
To Rent Rates, etc	375	-	-	By Branch Account	1,804	-	-
„ Wages and Sundry Expenses	396	-	-				
„ Balance, NET profit	1,033	-	-				
	£1 804	-	-		£1 804	-	-

<i>Dr</i>		CASH BOOK					<i>Cr</i>		
19 July-Dec	To Branch Accounts— Sales Debtors	£	s	d	19 July-Dec	By Branch Accounts— Rent & Taxes, &c. Wages & Sundry Expenses	£	s	d
		1 214	-	-			375	-	-
		2 384	-	-			396	-	-
		£3 598	-	-			£771	-	-

EXERCISE XIV—No 12

LONDON'S LEDGER

Dr		SWANSEA CURRENT ACCOUNT			Cr				
19 Dec 31	To A & B's Share of Profit	£	s	d	19 Jan 1	By Balance	£	s	d
		2 000	-	-	Dec 31	" C's Share of Profit	3 000	-	-
" 31	" Balance c/d	2 500	-	-			1,500	-	-
		£4 500	-	-			£4 500	-	-
					Dec. 31	By Balance b/d	2 500	-	-

EXERCISE XIV—No 12 (contd)

Dr		GLASGOW CURRENT ACCOUNT				Cr			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By D's Share of Profit	£	s	d
Dec 31	A & B's Share of Profit	2 000			31	Balance c/d	1 500		
		3 200					3 700		
		£ 200					£ 200		
Dec 31	To Balance b/d	3 700							

Dr		A S CAPITAL ACCOUNT				Cr			
19 Dec 31	To Draw ngs	£	s	d	19 Jan 1	By Balance	£	s	d
31	Balance c/d	1 000			Dec 31	Share of Profit—	10 000		
		14 600				London	3 000		
						Glasgow	1 600		
						Swansea	1 000		
		£ 15 600					£ 15 600		
	B S CAPITAL A/C AS A S				Dec 31	By Balance b/d	14 600		

SWANSEA'S LEDGER

Dr		LONDON CURRENT ACCOUNT				Cr			
19 Jan 1	To Balance	£	s	d	19 Dec 31	By A & B's Share of Profit	£	s	d
Dec 31	C's Share of Profit	3 000			31	Balance c/d	2 000		
		1 500					2 500		
		£4 500					£4 500		
Dec 31	To Balance b/d	2 500							

Dr		GLASGOW CURRENT ACCOUNT				Cr			
19 Dec 31	To C's Share of Profit	£	s	d	19 Jan 1	By Balance	£	s	d
" 31	Balance c/d	1 600			Dec 31	D's Share of Profit	4 000		
		3 400					1 000		
		£5 000					£5 000		
					Dec 31	By Balance b/d	3 400		

Dr		C S CAPITAL ACCOUNT				Cr			
19 Dec 31	To Drawings	£	s	d	19 Jan 1	By Balance	£	s	d
31	Balance c/d	1 000			Dec 31	Share of Profit—	5 000		
		10 100				London	1 500		
						Glasgow	1 600		
						Swansea	3 000		
		£ 11 100					£ 11 100		
					Dec 31	By Balance b/d	10 100		

EXERCISE XIV—No 12 (contd)

GLASGOW'S LEDGER

Dr.				LONDON CURRENT ACCOUNT				Cr.			
19 Dec. 31	To D's Share of Profit	£	s	d	19 Jan. 1	By Balance	£	s	d		
" 31	" Balance c/d	3,700	-	-	Dec. 31	" A & B's Share of Profit	2,600	-	-		
							3,200	-	-		
		£3,200	-	-			£5,200	-	-		
					Dec. 31	By Balance b/d	3,700	-	-		

Dr.				SWANSEA CURRENT ACCOUNT				Cr.			
19 Jan. 1	To Balance	£	s	d	19 Dec. 31	By C's Share of Profit	£	s	d		
Dec. 31	" D's Share of Profit	4,600	-	-	" 31	" Balance c/d	1,800	-	-		
		1,600	-	-			3,400	-	-		
		£3,000	-	-			£3,000	-	-		
Dec. 31	To Balance b/d	3,400	-	-							

Dr.				D'S CAPITAL ACCOUNT				Cr.			
19 Dec. 31	To Drawings	£	s	d	19 Jan. 1	By Balance	£	s	d		
" 31	" Balance c/d	500	-	-	Dec. 31	" Share of Profit—	5,000	-	-		
		9,400	-	-		London	1,500	-	-		
						Glasgow	2,400	-	-		
		£9,900	-	-		Swansea	1,100	-	-		
							£9,900	-	-		
					Dec. 31	By Balance b/d	9,400	-	-		

GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Creditors	31	500	-	Cash	16	200	-
Capital Accounts—				Debtors	43	000	-
A	14	600	-	Stock	21	000	-
B	14	600	-				
C	10	100	-				
D	9	400	-				
	48	700	-				
	£	80	200		£	80	200

EXERCISE XIV—No 13

BRANCH (MAIDSTONE)

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31st DECEMBER, 19 .

Cr

	£	s	d		£	s	d
To Coal from H O	1,748	-	-	By Sales of Coal	1,750	-	-
„ Salaries, Rent and Expenses	620	-	-	„ Stock, 31st Dec	984	-	-
„ Bal NET PROFIT	366	-	-				
	£2,734	-	-		£2,734	-	-

HEAD OFFICE JOURNAL

		£	s	d	£	s	d
19 Dec 31	Branch Profit and Loss Account To Branch Account	2,368	-	-	2,368	-	-
	Coal from Head Office			£1,748			
	Salaries, Rent etc			620			
	Balances transferred						
„ 31	Branch Account To Branch Profit and Loss Account	2,734	-	-	2,734	-	-
	Sale of Coal			£1,750			
	Stock 31st Dec			984			
	Balances transferred						
„ 31	Branch Profit and Loss Account To Head Office Profit and Loss A/c	366	-	-	366	-	-
	Balance transferred						
„ 31	Cash	78	-	-			
	Debtors	640	-	-			
	Stock	984	-	-			
	Horses and Carts	280	-	-			
	To Branch Account				1,982	-	-
	Balances transferred						
„ 31	Branch Account To Sundry Creditors	1,616	-	-	42	-	-
	Head Office Adjustment				1,574	-	-
	Balances transferred						
		£9,066	-	-	£9,066	-	-

EXERCISE XIV—No 14.

See Advanced Accounts, Chapter XIV

EXERCISE XIV—No 15

The Remittance to the Branch for £500 would be deducted from the Branch Account and shown as a Remittances in Transit Account. This item would *not* then show as a charge against the Branch but as a separate item in the Balance Sheet (See also *Advanced Accounts* under Goods and Remittances in Transit.)

EXERCISE XIV—No 16

Dr BRANCH TRADING ACCOUNTS

Cr

	K	P	Q	Total		K	P	Q	Total
	£	£	£	£		£	£	£	£
To Branches—					By Branches—				
Goods from					Sales	1 000	900	1 350	3 250
H O	00	600	900	2 200	Returns to				
Returns I/wds	50	36	60	146	H O	10	9	21	40
Branch Profit					Stocks				
and Loss A/c's	360	593	571	1 74	31st Dec	100	120	110	330
(Gross Profits)									
	£1 110	£1 029	£1 481	£3 670		£1 110	£1 029	£1 481	£3 670

Dr BRANCH PROFIT AND LOSS ACCOUNTS

Cr

	K	P	Q	Total		K	P	Q	Total
	£	£	£	£		£	£	£	£
To Branches—					By Branch Trading				
Rent Rates					Accounts	360	393	521	1 274
etc	31	29	40	100					
Wages and									
Salaries	39	40	45	124					
Balance N & r									
Profit trans									
ferryed to H O									
P & L A/c	290	324	436	1 050					
	£360	£393	£571	£1 274		£360	£393	£571	£1 274

Dr BRANCH DEBTORS ACCOUNT

Cr

	K	P	Q	Total		K	P	Q	Total
	£	£	£	£		£	£	£	£
To Sales	1 000	900	1 350	3 250	By Returns I/wds	£ 50	£ 36	£ 60	£ 146
					Cash	850	770	1 200	2 720
					Balance c/d	100	144	90	334
	£1 000	£900	£1 350	£3 250		£1 000	£900	£1 350	£3 250
To Balance b/d	100	144	90	334					

HEAD OFFICE JOURNAL

		K	P	Q	K	P	Q	K	P	Q
19 Dec 31	Branch Trading Account To Branch Account Goods from Head Office Bal once transferred	£	£	£	£	£	£	£	£	£
					700	600	900	700	600	900
31	Branch Trading Account To Branch Account Returns Inwards Balance transferred				50	36	60	50	36	60
31	Branch Account To Branch Trading Account Sales Stock 31st Dec Returns to Head Office Balance transferred	1 000 100 10 £1 110	800 100 9 £1 029	1 350 110 21 £1 481	1 110	1 029	1 481	1 110	1 029	1 481
31	Branch Trading Account To Branch Profit and Loss Account Balance transferred				360	393	821	360	393	821
31	Branch Profit and Loss Account To Branch Account Sales and Taxes Wages Balance transferred	31 33 £70	29 40 £69	40 45 £85	70	69	85	70	69	85
31	Branch Profit and Loss Account To Head Office Profit and Loss Account Transfer of net profit of branches				250	524	436	250	524	436
31	Sundry Debtors To Sales				1 000	900	1 350	1 000	900	1 350
31	Cash Returns Inwards To Sundry Debtors				850 50	720 68	1 200 60	850 50	720 68	1 200 60
		£4 480	£4 107	£6 093	£4 480	£4 107	£6 093	£4 480	£4 107	£6 093

THE MANUFACTURING CO LTD

TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 19 .

Cr

Dr

TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 1911																									
	Head Office			Branch A			Branch B			Total			Head Office			Branch A			Branch B			Total			
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	
To Stock 1st Jan	11 215	8	1	2 812	3	7	1 394	17	6	16 052	6	2	138 434	2	5	112 517	—	2	53	540	6	3	138 434	—	5
By Sales Net	65 030	5	11	94 187	2	3	44 267	—	2	68 080	5	11	138 434	2	5	3 02	12	1	1 227	9	4	166 057	6	5	
" Goods to a/c	39 651	1	11	2 419	3	4	2 622	3	4	44 692	5	3	10 527	4	5	—	—	—	—	—	—	—	—	—	
" Wages	32 974	13	11	15 143	6	5	6 583	14	7	53 701	14	11	—	—	—	—	—	—	—	—	—	—	—		
" Balance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Gross Income	£148 831	0	10	£115 541	12	3	25 467	15	7	£319 970	14	8	£148 961	6	10	£115 541	12	3	25 467	15	7	£319 970	14	8	
To Salaries	1 500	—	—	247	14	4	276	6	6	2 024	14	7	32 374	13	11	10 143	6	5	6 583	14	7	55 701	14	11	
" Car to Branches	1 518	14	7	442	6	7	328	14	4	1 516	14	7	—	—	—	—	—	—	—	—	—	—	—		
" Rates and Taxes	323	2	9	2 016	4	6	1 736	6	8	4 390	3	8	—	—	—	—	—	—	—	—	—	—	—		
" General Exps	517	9	2	1 352	8	2	746	17	11	2 233	6	1	—	—	—	—	—	—	—	—	—	—	—		
" Bad Debts	447	10	8	—	—	—	—	—	—	447	10	8	—	—	—	—	—	—	—	—	—	—	—		
" Income Tax	1 000	—	—	—	—	—	—	—	—	1 000	—	—	—	—	—	—	—	—	—	—	—	—	—		
" Directors Fees	105	—	—	240	10	1	134	5	1	371	15	2	—	—	—	—	—	—	—	—	—	—	—		
" Audit Fee	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
" By D.D. to Res	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Depreciations—	900	—	—	35	—	—	40	—	—	800	—	—	—	—	—	—	—	—	—	—	—	—	—		
Plant etc 10%	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Furniture etc 5%	25	—	—	—	—	—	—	—	—	100	—	—	—	—	—	—	—	—	—	—	—	—	—		
By Net Profit	28 739	16	9	11 609	2	9	3 261	4	1	41 610	3	7	£32 974	13	11	£16 143	6	5	£6 583	14	7	£55 701	14	11	

Dr

APPROPRIATION ACCOUNT

Cr

	£	s	d	£	s	d	£	s	d	£	s	d
To Good sold (amount written off)	5 600	—	—	5 600	—	—	—	—	—	2 174	2	1
" Reserve Account	10 000	—	—	10 000	—	—	—	—	—	26 739	16	9
" Balance to Balance Sheet	28 784	5	8	28 784	5	8	—	—	—	11 909	2	9
	—	—	—	—	—	—	—	—	—	3 261	4	1
	—	—	—	—	—	—	—	—	—	43 784	5	8

THE MANUFACTURING CO., LTD
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.		£		s	d	£	s	d	PROPERTY AND ASSETS		£	s	d	£	s	d
Nominal Capital—		150 000		—	—				Freehold Premises—		40,000	—	—	60,000	—	—
15,000 Shares of £10 each.									Head Office		10,000	—	—			
Issued and Paid up Capital—									Branch A		10,000	—	—			
8,000 Shares of £10 each									Branch B		8,000	—	—	7,200	—	—
Reserve Fund									Plant and Machinery		800	—	—			
Sundry Creditors—									Less Depreciation		500	—	—			
Head Office		11 247		13	2				Furniture and Fixtures—Head Office		25	—	—			
Branch A		341		6	6				Less Depreciation		700	—	—	475	—	—
Branch B		547		12	1				Furniture and Fittings—Branch A		35	—	—			
Profit and Loss Account—									Less Depreciation		600	—	—	665	—	—
Balance available for Distribution									Furniture and Fittings—Branch B		40	—	—			
									Less Depreciation		30 000	—	—	760	—	—
									Goodwill		5 000	—	—	25,000	—	—
									Less Amount written off		10 527	4	5			
									Stocks—		3,024	12	1			
									Head Office		1 927	9	4	15 479	5	10
									Branch A		9 620	2	9			
									Branch B		240	10	1	9 979	12	8
									Sundry Debtors—Branch A		8 370	3	2			
									Less Bad Debts Reserve		134	5	1	5 235	18	1
									Sundry Debtors—Branch B		6 790	1	6			
									Less Bad Debts Reserve		14	7	2			
									Cash in Bank		83	2	9			
									Cash in Hand / —		48	9	5			
									Head Office					8,926	—	10
									Branch A							
									Branch B							
														£131,120	17	5

Dr	Factory	Branch A	Branch B	Total	Factory	Branch A	Branch B	Total	Total
To Stocks 1st Jan	£ 10 216	£ 3 218	£ 1 16	£ 15 624	£ 75 067	£ 100 715	£ 1 922	£ 177 704	£ 75 067
To Purchases	£ 78 518			£ 78 518	£ 45 350	£ 7 555 670	£ 2 6	£ 156 385	£ 45 350
To Goods from City									
" Vases	£ 41 316			£ 41 316					
" Sundry Exps	£ 517			£ 517					
" Manager's Salary	£ 1 000			£ 1 000					
" Rates	£ 316			£ 316					
" Deprec at on	£ 750			£ 750					
" Gross Profit									
To Trading A/c	£ 190 632	£ 105 305	£ 3 57 532	£ 299 529	£ 1 0 632	£ 105 305	£ 3 57 532	£ 299 529	£ 1 0 632
To Car to Branches	£ 837			£ 837					
To Sales	£ 2 517			£ 2 517					
To Rates etc									
To Sundry Exps									
To Bad Debts									
To Deprec at on									
To Bal									
Net Profit									
	£ 3 354	£ 6 819	£ 10 052	£ 20 225	£ 3 354	£ 6 819	£ 10 052	£ 20 225	£ 20 225

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Dr	Factory	Branch A	Branch B	Total	Factory	Branch A	Branch B	Total	Total
To Factory Loss									
To Sales									
To Income Tax									
To Deprec at on									
To Sundry Exps									
To Debit Interest									
To Balance Sheet									
	£ 24 192	£ 11	£ 6	£ 25 209	£ 1 62	£ 18 937	£ 3 604	£ 24 193	£ 24 193

By Head Office Profit from last year

Net Profit of Branches

A

B

To Factory Loss

To Sales

To Income Tax

To Deprec at on

To Sundry Exps

To Debit Interest

To Balance Sheet

EXERCISE XIV—No 19

THE UNITED KINGDOM TRADING CO LTD

Cv

Dr BRANCH TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 19

	Northern			Southern			Total			Northern			Southern			Total		
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
To Stocks 1st April	2 879	2	3							15 772	3	1	8 806	12	2	24 578	15	3
Purchases	8 368	4	5															
Allowances to Southern Branch	46	5											46	5		46	5	
Wages	3 495	13	4							2 960	17	9	1 564	10	2	4 525	7	11
Bal Gross Profit	3 943	15	10															
	£ 18 733	10								£ 18 733	10		10 417	7	4	29 150	8	2
To Trade Expenses																		
Salaries	754	10											549	2	8	1 303	12	8
Rent Rates & Taxes	290												175			465		
Bad Debts Reserve	455												274	3	6	729	3	6
Duct Res on Drs	250												125			375		
Deprecn of Plant	156	2	10										36	15	2	192	18	
Bal Net Profits of Branches	262	10											187	10		450		
	1 775	13	—										1 299	1	2	3 074	14	2
	£ 3 943	15	10							£ 3 943	15	10	£ 2 646	12	6	£ 6 590	8	4

THE UNITED KINGDOM TRADING CO., LTD

[illegible]

THE UNITED KINGDOM TRADING CO LTD
BALANCE SHEET AS AT 31ST MARCH 19

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EXERCISE XIV—No. 20.

JOURNAL OF HEAD OFFICE

		£	s	d	£	s	d
19 .	South Africa Factory (Current A/c) To B/L Payable Our acceptance of bills drawn on H O by Manager in S A	5,000			5,000		
	Head Office Profit and Loss A/c . To South Africa Factory (Cur A/c). For loss on working S A. factory transferred.	2,000			2,000		
		7,000			7,000		

CASH BOOK OF HEAD OFFICE

(CREDIT SIDE)

		Bank	£	s	d
19	By South Africa Factory (Current A/c)		10,000		

EXERCISE XIV—No. 21

The answer to this question may be taken from *Advanced Accounts*

EXERCISE XIV—No 22

BRANCH TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER 19

Dr

	Invoice Price		Net		Invoice Price		Net	
	£	s d	£	s d	£	s d	£	s d
To Stock 1st Jan	1 250	-	1 000	-			5 400	-
Goods from Head Office	9 100	-	7 280	-			3 500	-
Balance (apparent gain)	50	-	1 820	-			1 500	-
Balance Gross Profit					£		10 400	-
	£		10 100	-			10 100	-
			340	-			1 820	-
			400	-				-
			80	-				-
			1 000	-				-
			£1 820	-			1 820	-
To Wages								-
" Rent								-
" Sundry Expenses								-
" Balance Net Profit								-

EXERCISE XIV—No. 23.

A B MERCHANT TRADING CO LTD
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

Cr

Dr.

	London		Brazil		TOTAL		London		Brazil		TOTAL	
	£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
To Stocks, 1st Jan	15,000	-	12,000	-	27,000	-	80,000	-	105,000	-	185,000	-
" Purchases	60,000	-	3,000	-	63,000	-	16,000	-	13,000	-	29,000	-
" Goods from London			80,000	-	80,000	-						
" Landing Chgs			8,000	-	8,000	-						
" Balance, GROSS	21,000	-	15,000	-	36,000	-						
PROFIT												
	£ 96,000	-	£ 118,000	-	£ 214,000	-	£ 96,000	-	£ 118,000	-	£ 214,000	-
To Directors' Fees	500	-			500	-			15,000	-	36,000	-
" Salaries	850	-	2,500	-	3,350	-						
" Office Rent &c	150	-	1,700	-	1,850	-						
" Balance, NET	19,500	-	10,800	-	30,300	-						
PROFIT												
	£ 21,000	-	£ 15,000	-	£ 36,000	-	£ 21,000	-	£ 15,000	-	£ 36,000	-

EXERCISE XIV—No 24

BRANCH TRADING AND PROFIT AND LOSS ACCOUNT

Dr FOR THE HALF-YEAR ENDED 30TH JUNE, 19. Cr

	£	s	d		£	s	d
To Purchases . . .	4 200	-	-	By Sales . . .	54 180	-	-
„ Wages . . .	5 700	-	-				
„ Bal. GROSS PROFIT	44 280	-	-				
	£ 54 180	-	-		£ 54 180	-	-
To Salaries . . .	560	-	-	By Trading Account	44 280	-	-
„ Directors Fees	200	-	-				
„ Discounts	2 500	-	-				
„ Fire Insurance	240	-	-				
„ Balance NET PROFIT transferred to H O A/c .	40 780	-	-				
	£ 44 280	-	-		£ 44 280	-	-

BALANCE SHEET AS AT 30TH JUNE, 19..

(Newcastle-on-Tyne Branch)

LIABILITIES	£	s	d	ASSETS	£	s	d
Sundry Creditors	3 680	-	-	Cash . . .	60	-	-
Head Office Account	54 440	-	-	Bank . . .	1 450	-	-
				Debtors . . .	56 380	-	-
				Fire Insurance . . .	240	-	-
				(unexpired)			
	£ 58 120	-	-		£ 58 120	-	-

Dr HEAD OFFICE ACCOUNT

Cr

	£	s	d		£	s	d
19 June 30 To Remittances from Branch	29 560	-	-	19 Jan 1 By Balance	44 720	-	-
„ 30 „ Premises Extension	1 500	-	-	June 30 Profit and Loss A/c	40 780	-	-
„ 30 „ Balance c/d	54 440	-	-	(Net Profit trans- ferred)			
	£ 85 500	-	-		£ 85 500	-	-
				June 30 By Balance b/d	54 440	-	-

Dr REMITTANCES TO HEAD OFFICE ACCOUNT

Cr

	£	s	d		£	s	d
19 Jan-June To Cash	29 560	-	-	19 June 30 By Head Office A/c	29 560	-	-

EXERCISE XIV—No 24 (*contd*)

<i>Dr</i>		PREMISES EXTENSION ACCOUNT				<i>Cr</i>	
19 Jan	June	To Cash	£ 1 500	s -	d -	19 June	30
						By Head Office A/c	
						£ 1 500	s -
							d -

EXERCISE XIV—No 25

The tea sold through brokers would of course require no change of method to that normally employed in accounting

The question of dealing with remittances to Ceylon and the expenditure in Ceylon will require double columns one for currency and the other for sterling

Remittances would be charged against Ceylon at the rate ruling when sent

The expenditure in Ceylon would be converted at the average for the period under review.

EXERCISE XIV—No 26

CHICAGO TRIAL BALANCE

(CONTINUED)

	Rate	£	s	d	£	s	d
Fixtures and Fittings	4 88	1,070	7	8			
Bills Receivable	5 04	2,347	16				
Sundry Debtors	5 04	3,905	5	4			
Sundry Creditors	5 04				940	14	8
Stock, 1st Jan.	4 87	2,125	9	2			
Purchases	4 96	7,445	13	10			
Sales	4 96				13,608	19	6
Discounts Allowed	4 96	252	3				
Discounts Received	4 96				119	19	
Sundry Expenses	4 96	557	19	8			
Wages and Salaries	4 96	1,376	2	4			
Rent, Rates, Taxes, and Insurance	4 96	292	11	4			
Bad Debts	4 96	51	14	10			
Depreciation	4 96	177	2	8			
Cash in Hand	5 04	180	13	2			
Cash at Bank	5 04	1,809	15				
Head Office Account, 1st Jan	—				12,745	2	10
Remittances to Head Office	—	5,797	7	4			
Difference in Exchange (Loss).	—	24	14	8			
		£27,414	16		£27,414	16	

Stock, 31st Dec. @ 5 04 = £2,085 6/4

HEAD OFFICE JOURNAL

		£	s	d	£	s	d
19							
Dec 31	Remittances from Branch	5,797	7	4			
	To Branch Account				5,797	7	4
	Balance transferred						
" 31	Branch Trading Account	9,571	3				
	To Branch Account				9,571	3	
	Stock, 1st Jan	£2,125 9 2					
	Purchases	7,445 13 10					
	Balances transferred						
" 31	Branch Account	15,694	5	10			
	To Branch Trading Account				15,694	5	10
	Sales	£13,608 19 6					
	Stock, 31st Dec	2,085 6 4					
	Balances transferred						
" 31	Branch Trading Account	6,123	2	10			
	Branch Account	119	19				
	To Branch Profit and Loss A/c				6,243	1	10
	Gross profit and discounts received transferred						

EXERCISE XIV—No 26 (contd)

HEAD OFFICE JOURNAL—(contd)

		£	s	d	£	s	d
19 Dec 31	Branch Profit and Loss Account	2 732	8	6			
	To Branch Account				2 732	8	6
	Discounts Allowed	£252	3	-			
	Sundry Expenses	557	19	8			
	Wages and Salaries	1 376	2	4			
	Rent Rates Taxes etc	292	11	4			
	Bad Debts	51	14	10			
	Depreciation	177	2	8			
	Difference in Exchange	24	14	8			
	Balances transferred						
„ 31	Branch Profit and Loss Account	3 510	13	4			
	To Head Office Profit and Loss A/c				3 510	13	4
	NET PROFIT of branch transferred						
		£ 43 548	19	10	£ 43 548	19	10

HEAD OFFICE LEDGER

Dr

REMITTANCES FROM BRANCH

Cr

	£	s	d		£	s	d
19 Dec 31	To Branch Account	5 797	7	4	19 Jan Dec	By Cash	5 797 7 4

Dr

BRANCH ACCOUNT

Cr

19 Jan 1	To Balance	£ 12 745	s 2	d 10	19 Dec 31	By Remittances from Branch	£ 5 797	s 7	d 4
Dec 31	Branch Trading A/c	15 634	5	10	31	Branch Trading A/c	9 571	3	
„ 31	Branch Profit and Loss A/c	119	19		31	Branch Profit and Loss A/c	2 732	8	6
					31	„ Balance c/d	10 458	8	10
		£ 28 559	7	8			£ 28 559	7	8
Dec 31	To Balance b/d	10 458	8	10					

Dr

BRANCH TRADING ACCOUNT

Cr

	£	s	d		£	s	d
19 Dec 31	To Branch Account— Stock	2 175	9	2	19 Dec 31	By Branch Account— Sales	13 608 19 6
	Purchases	7 445	13	10		Stock	2 035 6 4
„ 31	Branch Profit and Loss Account (Gross Profit)	6 123	2	10			
	£ 15 694	5	10			£ 15 694	5 10

EXERCISE XIV—No 26 (contd)

Dr		BRANCH PROFIT AND LOSS ACCOUNT				Cr.			
19		£	s	d	19		£	s	d
Dec 31	To Branch Account—				Dec 31	By Branch Trading A/c	6,123	2	00
	Discounts Allowed	202	3	—	" 31	" Discounts Received	119	19	—
	Sundry Expenses	537	19	8					
	Wages and Salaries	1,376	2	4					
	Rent, Rates, etc.	292	11	4					
	Bad Debts	51	14	10					
	Depreciation	177	2	8					
	Difference in Ex- change	24	14	8					
" 31	Balance, Net Profit to H.O. P & L A/c	3,510	13	4					
		16,243	1	10			16,243	1	10

Dr		BRANCH LEDGER				Cr	
		REMITTANCES TO HEAD OFFICE					
19		Dols	Cts	19		Dols	Cts
Jan - Dec	To Cash	29	500-000	Dec 31	By H O A/c	29	500-000

Dr		HEAD OFFICE ACCOUNT				Cr	
19		Dols	Cts	19		Dols	Cts
Dec 31	To Transfer from Re- mittances	29	500 00	Jan 1	By Balance	64,134	90
	" Balance c/d	52	528 60	Dec 31	" P & L A/c (NET PROFIT)	17,893	70
		82	028 60			82,028	60
				Dec 31	By Balance b/d	52,528	60

Dr		TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST DECEMBER, 19				Cr	
		Dols	Cts			Dols	Cts
To Stock, 1st Jan		10	351 00	By Sales		67,500	50
" Purchases		36	930 64	" Stock, 31st Dec		10	510-00
" Balance c/d		30	728 86			78	010-50
(GROSS PROFIT)		78	010-50			30	728 86
To Discounts Allowed		1	250 68	By Trading Account		594	96
" Sundry Expenses		2	767 60	" Discounts Received		31,323	82
" Wages and Salaries		6	825 50				
" Rent, Rates, etc		1,451	12				
" Bad Debts		878	58				
" Depreciation		256	64				
" NET PROFIT to H O A/c		17	893-70				
		31,323	82			31,323	82

EXERCISE XIX—No 26 (cont'd)

CHICAGO BRANCH

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

Notes —

NOTES —

(1) A Balance Sheet for working of BRANCH would not appear in Head Office books but would be incorporated in the General Balance Sheet

(2) The Branch would keep its LEDGER etc in currency and consequently this exercise is worked accordingly

Exercise 28 is similarly treated

EXERCISE XIV—No 27.

The same as EXAMPLE 2 of *Advanced Accounts* page 479 except that double the figures are employed

EXERCISE XIV—No 28

SHANGHAI TRIAL BALANCE (CONVERTED)

	Rate	£	s	d	£	s	d
Head Office Account	—				15,270	2	6
Remittances to Head Office	—	2 850	—	—			
Stock, 1st Jan	2/10	1,856	13	8			
Freehold Land and Buildings	3/4	3 000	—	—			
Purchases	3/2	6 814	13	4			
Sales	3/2				10,766	19	8
Sundry Debtors	3/6	4 686	10	—			
Sundry Creditors	3/6				2,581	19	—
Fixtures and Fittings	3/-	949	19	—			
Carriage and Freight (Inwards)	3/2	416	11	6			
Salaries	3/2	460	8	8			
Rates and Taxes	3/2	105	18	6			
Sundry Expenses	3/2	57	15	10			
Cash	3/6	24	6	6			
Bank	3/6	2 387	14	—			
Plant and Machinery	3/6	3,150	—	—			
Wages	3/2	1,318	12	—			
Depreciation	3/2	399	19	—			
Difference in Exchange (Loss)	—	139	19	2			
Stock, 31st Dec @ 3s 6d = £2 027/18/		£ 28 619	1	2	28 619	1	2

EXERCISE XIV—No 28 (contd)

HEAD OFFICE JOURNAL

19		£	s	d	£	s	d
Dec 31	Remittances from Branch To Branch Account Balance transferred	2 850	-		2 850	-	-
" 31	Branch Trading Account To Branch Account Stock 1st Jan £1 856/13/8 Purchases 6 814/13/4 Carriage etc 416/11/6 Wages 1 318/12/- Balances transferred	10 406	10	6	10 406	10	6
" 31	Branch Account To Branch Trading Account Sales £10 766/19/8 Stock 31st Dec 2 027/18/- Balances transferred	12 794	17	8	12 794	17	8
" 31	Branch Trading Account To Branch Profit and Loss A/c Balance transferred	2 388	7	2	2 388	7	2
" 31	Branch Profit and Loss Account To Branch Account Salaries £460/8/8 Rates and Taxes 105/18/6 Sundry Expenses 57/15/10 Depreciation 399/19/- Difference in Exchange 139/19/2 Balances transferred	1 164	1	2	1 164	1	2
" 31	Branch Profit and Loss Account To Head Office Profit and Loss A/c NET PROFIT of branch transferred	1 224	6		1 224	6	-
		£ 30 828	2	6	30 828	2	6

HEAD OFFICE LEDGER

Dr

REMITTANCES FROM BRANCH

Cr

19		£	s	d	19		£	s	d
Dec. 31	To Branch Account	2 850	-		Jan Dec.	By Cash	2 850	-	-

EXERCISE XIV—No 28 (contd)

Dr.		BRANCH ACCOUNT				Cr			
19		£	s	d	19		£	s	d
Jan 1	To Balance	15	270	2 6	Dec 31	By Remittances from Branch	2,830		
Dec 31	" Branch Trading A/c	12,794	17	8	" 31	" Branch Trading A/c	10,406	10	6
					" 31	" Branch Profit & Loss	1,164	1	2
					" 31	" Balance c/d	13,644	6	6
		£	28	065			£	28,065	2
Dec. 31	To Balance b/d	13,644	8	6					

Dr		BRANCH TRADING ACCOUNT				Cr				
19		£	s	d	19		£	s	d	
Dec 31	To Branch Account—				Dec 31	By Branch Account—				
	Stock, 1st Jan	1,836	13	8		Sales	10,766	19	8	
	Purchases	6,814	13	4		Stock, 31st Dec	2,027	18	—	
	Carrriage, etc.	416	11	6						
	Wages	1,318	12	—						
" 31	" Branch P & L A/c	2,388	7	2						
		£	12,794	17	8		£	12,794	17	8

Dr		BRANCH PROFIT AND LOSS ACCOUNT				Cr			
19		£	s	d	19		£	s	d
Dec 31	To Branch Account—				Dec 31	By Branch Trading A/c	2,388	7	2
	Salaries	460	8	8					
	Rates and Taxes	105	18	6					
	Sundry Expenses	57	15	10					
	Depreciation	399	19						
	Difference in Ex change	139	19	2					
" 31	Net Profit to H O Profit & Loss A/c	1,224	6						
		£2,388	7	2			£2,388	7	2

Dr		BRANCH LEDGER REMITTANCES TO HEAD OFFICE				Cr	
		Taels				Taels	
19.			19				
Jan.-Dec.	To Cash . . .	19,000	Dec 31	By Head Office A/c	19,000		

EXERCISE XIV—No 28 (contd)

Dr		HEAD OFFICE ACCOUNT		Cr	
19		Taels	19		Taels
Dec 31	To Remittances to Head Office	19 000	Jan 1	By Balance	92 713
31	Balance c/d	79 730	Dec 31	Profit & Loss A/c (NET PROFIT)	6 017
		98 730			98 730
			Dec 31	By Balance b/d	79 730

TRADING AND PROFIT AND LOSS ACCOUNT

Dr		FOR THE YEAR ENDED 31ST DECEMBER 19		Cr	
		Taels			Taels
To Stock 1st Jan	13 106	By Sales	68 007		
Purchases	43 040	Stock 31st Dec	11 588		
Carriage etc	2 031				
Wages	8 328				
Balance c/d (GROSS PROFIT)	12 485				
	79 590				79 590
To Salaries	2 908	By Trading Account	12 485		
Rates and Taxes	669				
Sundry Expenses	365				
Depreciation	2 576				
NET PROFIT to H O A/c	6 017				
	12 485				12 485

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES		Tael	ASSETS		Taels
Sundry Creditors	14 754		Cash in hand	139	
Head Office Account	79 730		Cash at Bank	13 644	
			Sundry Debtors	26 780	
			Stock at close	11 588	
			Fixt res and Fittings	6 333	
			Plant and Machinery	18 000	
			Freehold Land and Buildings	18 000	
		94 484			94 484

EXERCISE XIV—No 29

FOREIGN BOOKS
JOURNAL

		Dols	Cts	Dols	Cts
19 . Jan 31	Stores Account To London Office Account For sales purchased from London £1 000 @ 9d = \$13 334 @ 18d std	26,667	-	26 667	-
" 31	Stores Account To Sundry Creditors For stores purchased locally \$3,000 @ 9d = \$1,500 @ 18d std	3,000	-	3,000	-
" 31	Stores Consumed Account To Stores Account For stores used on revenue \$6 000 @ 18d std = \$12,000 @ 9d	12 000	-	12 000	-
" 31	Capital Expenditure Account To Stores Account For stores used on capital \$4,000 @ 18d std = \$8 000 @ 9d	8 000	-	8 000	-
" 31	Sundry Debtors To Work Done Account For gross revenue earned	40,000	-	40,000	-
" 31	Trade Expenses Account To Sundry Creditors For expenses accrued	6,000	-	6 000	-
		\$95 667	-	\$95 667	-

PAPER BOOKS
JOURNAL

		Dols	Cts	Dols	Cts
19.. Dec 31	Bank Sundry Debtors To Sundry Creditors " Conversions Account (For balances at this date)	10,000 40 000	- -	15 000 35 000	- -
19. Jan 31	Conversions Account To Sundry Creditors For stores purchased locally	50,000 3,000	- -	50,000 3,000	- -
" 31	Stores Consumed Account To Conversions Account For stores used on revenue \$6,000 @ 18d std = \$12,000 @ 9d	12 000	-	12 000	-

EXERCISE XIV—No 29 (contd)

PAPER BOOKS—(contd)

JOURNAL—(contd)

		Dols	Cts	Dols	Cts
19 Jan 31	Sundry Debtors To Work Done For gross revenue earned	40 000		40 000	
31	Trade Expenses Account To Sundry Creditors (For expenses accrued)	6 000		6 000	-
		\$111 000		\$111 000	

GOLD BOOKS

JOURNAL

		Dols	Cts	Dols	Cts
19 Dec 31	Stores Account Conversions Account To London Office (say)	31 666 18 475			
	(For balances at this date)	50 141		50 141	-
19 Jan 31	Stores Account To London Office Account For stores purchased from London £1 000 \$13 334 @ 18d std	13 334		13 334	-
31	Stores Account To Conversions Account For stores purchased from creditors \$3 000 @ 9d = \$1 500 @ 18d std	1 500		1 500	-
31	Conversions Account To Stores Account For stores used on revenue	6 000		6 000	
31	Capital Expenditure Account To Stores Account For stores used on Capital A/c	4 000		4 000	-
31	Capital Expenditure To Conversions Account For wages paid on capital 13 000 @ 9d \$1 500 @ 18d std	1 500		1 500	-
31	London Office Account To Conversions Account (For \$12 000 remitted @ 10½d - \$7 000 @ 18d std)	7 000		7 000	
		\$83 475		\$83 475	

FOREIGN BOOKS

EXERCISE XIV--No 29 (cont'd)

CASH BOOK

Cr.

Dr		19		Cts.		Dols.		Cts.	
19	Dec 31	To Balance	.	.	.	10 000	-	-	8 000
19	Jan 31	To Sundry Debtors	.	.	.	40 000	-	-	3 000
									16 000
									12 000
									11 000
						50 000	-	-	50 000

By Wages
 " Capital Expenditure @ 9d = £150
 " Sundry Creditors
 " London Office @ 10½d = £525
 " Balance c/d

Cr

REVENUE ACCOUNT

Dr		19		Cts.		Dols.		Cts.	
19	Jan 31	To Stores Consumed	.	.	.	12 000	-	-	40 000
20	" 31	" Wages	.	.	.	8 000	-	-	-
20	" 31	" Trade Expenses	.	.	.	6 000	-	-	-
20	" 31	" Balance	.	.	.	14 000	-	-	-
		(Net Profit to London Office @ 9d)				40 000	-	-	40 000

By Work Done

BALANCE SHEET 31ST JANUARY 19

LIABILITIES		ASSETS	
Sundry Creditors	Dols.	Bank	Dols.
London Office (£4,529/3/4 @ 10d)	8 000	Sundry Debtors	11 000
	-	Stores in hand = (£36,500 @ Std 18d)	40 000
	-		65 700
	-		116 700

FOREIGN BOOKS—(contd.)

STORIES ACCOUNT

STORES ACCOUNT															
Dr		Rate		Std \$		19		By Stores Consumed		Rate		Std \$		\$	
19	Dec 31	To Balance	94	31 666	60 000	Jan	31			9	6 000		12 000		
19	Jan 31	To London Office	9	13 334	26 667	31			Capital Expenditure	9	4 000		8 000		
	" 31	Sundry Creditors	9	1 500	3 000	31			Balance c/d London Office (adjustment)	10	36 500		65 700		
				46 500	89 667						46 500		89 667		

CAPITAL EXPENDITURE ACCOUNT

D _r		CAPITAL EXPENDITURE ACCOUNT						C _r			
		Rate	£	s	d		Rate	£	s	d	\$
1939	Jan 31	To Stores Account	9	300	-			412	10	-	11 000
	31	" Wages	9	112	10			412	10	-	11 000
				£412	10	-		£412	10	-	11 000

LONDON OFFICE ACCOUNT

LONDON OFFICE ACCOUNT												Cr
D ^r	19	Rate	£	s	d	\$	19	Rate	£	s	d	\$
	Jan 31	To Cash (Remittances)	104	525	-	12 000	Dec 31	By Balance	3 760	8	4	95 000
	" 31	Cap Expenditure	9	412	10	11 000	19					
	" 31	Stores (Adjustm t)				3 987	Jan 31	By Stores Account	1 000	-	-	26 667
	" 31	" Balance c/d	10	4 529	3	108 700	31	Revenue Account	525	-	-	14 000
							31	Profit on Exchange	181	5	-	
									£5 466	13	4	135 667

EXERCISE XIV—No 29 (contd)

PAPER BOOKS

Dr.

CONVERSIONS ACCOUNT

Cr

		Dols	Cts.			Dols	Cts.
19				19			
Jan. 31	To Sundry Creditors	3,000	-	Dec 31	By Balance	30,000	-
" 31	" Capital Expenditure	3,000	-	" 19			
" 31	" London Office (Remittances)	12,000	-	Jan. 31	" Stores Consumed	12,000	-
" 31	" Balance	43,000	-	" 31	" Revenue Account (Net Profit transferred to L.O.)	14,000	-
		61,000	-			61,000	-

GOLD BOOKS

Dr.

STORES ACCOUNT

Cr.

		Dols	Cts.			Dols	Cts.
19				19			
Dec. 31	To Balance	31,666	-	Jan 31	By Conversions Account	6,000	-
" 19				" 31	" Capital Expenditure	4,930	-
Jan 31	" London Office	13,334	-	" 31	" Balance c/d	36,500	-
" 31	" Conversions Account	1,500	-			46,500	-
		46,500	-				

Dr.

CAPITAL EXPENDITURE ACCOUNT

Cr.

		Dols	Cts.			Dols	Cts.
19				19			
Jan 31	To Stores	4,000	-	Jan 31	By Transfer to London Office	5,500	-
" 31	" Conversions Account (Wages)	1,500	-			5,500	-
		5,500	-				

Dr.

LONDON OFFICE ACCOUNT

Cr.

		Dols	Cts.			Dols	Cts.
19				19			
Jan 31	To Conversions (Remittances)	7,000	-	Dec 31	By Balance	90,141	-
" 31	" Capital Expenditure	5,890	-	" 19			
" 31	" Balance	60,388	-	Jan 31	By Stores	13,334	-
		72,888	-	" 31	" Conversions (Net Profit)	7,000	-
				" 31	" Profit on Exchange	2,413	-
						72,888	-

EXERCISE XIV—No 29 (cont'd)

GOLD BOOKS—(cont'd)

<i>Dr</i> CONVERSIONS ACCOUNT				<i>Cr</i>			
		Dols	Cts			Dols	Cts.
19				19			
Dec. 31	To Balance	18 475		Jan 31	By Stores Account	1 500	
19				31	Cap ital Expenditure	1 500	
Jan 31	" Stores	6 000		31	" London Offices	7 000	
" 31	" London Office	7 000			(Remittances)		
" 31	" Profit on Exchange	2 413		- 31	Balance as per Paper		
					Books	23 888	
					(\$43 000 @ 10d 1)		
		33 888				33 888	

Note—The Balance is arrived at as follows — $\frac{43\,000 \times 10}{18}$

FINAL BALANCES

PAPER BOOKS

GOLD BOOKS

		Dollars				Dollars	
		<i>Dr</i>	<i>Cr</i>			<i>Dr</i>	<i>Cr</i>
Bank		11 000		Stores Account		36 500	
Debtors		40 000		Conversions Account		23 888	
Creditors			8 000	London Office			60 388
Conversions Account			43 000				
		51 000	51 000			60 388	60 388

EXERCISE XIV—No 30.

JOURNAL OF X, LTD

		£	s	d	£	s	d
(a)	Office Safe Account <i>Dr</i> To Birmingham Branch Account Office Safe purchased for Cash by Birmingham Branch	80	-	-	80	-	-
(b)	Manchester Branch Account <i>Dr</i> To Goods sent to Branches Account Goods supplied (at cost)	47	15	-	47	15	-
(c)	Liverpool Branch Debtors Account <i>Dr</i> To Manchester Branch Debtors Ac count Transfer of Account of A Debtor from Manchester to Liverpool Branch.	29	10	-	29	10	-
(d)	Manchester Branch P and L Ac count <i>Dr</i> To H O Profit and Loss Account Transfer of net profit of Manchester Branch.	1,599	6	8	1 599	6	8
	H O Profit and Loss Account <i>Dr</i> To Liverpool Branch P and L Account Transfer of net loss of Liverpool Branch.	107	3	9	107	3	9

EXERCISE XIV—No 30 (contd)

MANCHESTER BRANCH JOURNAL

		£	s	d	£	s	d
(c)	Liverpool Branch Account <i>Dr</i> To Sundry Debtors Account Transfer of A Debtor's Account to Liverpool Branch Account	29	10	-	29	10	-
(d)	Profit and Loss Account <i>Dr</i> To Head Office Account Transfer of net profit to H O	1 599	6	8	1 599	6	8

LIVERPOOL BRANCH JOURNAL

		£	s	d	£	s	d
(c)	Sundry Debtors Account <i>Dr</i> To Manchester Branch Account Transfer of A Debtor's Account from Manchester Branch	29	10	-	29	10	-
(d)	Head Office Account <i>Dr</i> To Profit and Loss Account Transfer of net loss to H O	107	3	9	107	3	9

EXERCISE XV (A)—No 1

THE EASTWOOD
APPLICATION AND

No of Application	NAME	ADDRESS	Occupation	No of Shares Applied for.	Amount Paid on Application
	Willington, Ernest	33 Rayleigh Street, E.C.		1 000	£ 250 - -

REGISTER OF TRANSFERS

No of Transfer.	Date Transfer Registered	TRANSFEROR'S					S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation			
1	19 Mar 6	6	Gee, R.	14 High Street, Burnham	Surveyor	1	Willington, E.	
2	Apr 3	1	Willington E	33 Rayleigh Street, E.C.	—		Robinson Peter	

(1) REGISTER OF MEMBERS AND

Name	Willington, Ernest	Occupation	—
Address	33 Rayleigh Street, London, E C		—

Dr CASH ACCOUNT Cr

Date	Particulars	Fo	Amount Called Up per Share	Total Amount Called up	Date	Particulars	Fo	Total Amount Paid up.
19 Jan 20	To Application and Allotment		£ s d 10	£ s d 250 - -	19 Jan 11	By Cash		£ s d 250 - -
Feb 20	To Call Account		10 - -	£250 - -	Feb 20	By Cash		£250 - -

TIMBER CO., LTD

ALLOTMENTS BOOK (ORDINARY SHARES)

No of Shares Allotted	Distinctive Numbers		S L Fo	Amount Due on Application and Allotment	Balance Due on Allotment	Cash Paid on Allotment	Cash Returned	No of Share Certificate	Remarks
	From	To							
500	18 500	18 999		£ 250 - -					Letter of Regret No -

FERS (ORDINARY SHARES)

TRANSFEREE'S		SHARES TRANSFERRED				No of New Certificates	Remarks
ADDRESS	Occupation	No of Shares	Distinctive Numbers		Amount Paid up		
			From.	To			
31 Rayleigh Street E C 14 Dowgate Southminster	-	500 100	1 1	500 100	£ 500 100	s - -	

SHARE LEDGER (ORDINARY SHARES)

(1)

Date entered as a Member

January 20th 19

Date ceased to be a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Amount Paid up
			From	To					From	To			
19 Jan 20		500	18 500	18 999	£ 1 4						£ 1 4	500	£ 250
5 Mar 6		500	1	500	500 -							500	500 -
						19 Apr 3		100	1	100	100 -	1000	1000 -
												900	900 -

EXERCISE XV (A)—No. 2.

A LIM

REGISTER OF MEMBERS AND

Name *Smith, John* Occupation .. *Cork Merchant* ..
 Address *440 Austin Friars, E.C.*

CASH ACCOUNT

Cr.

Dr.									
Date	Particulars.	Fo.	Amount Called up per Share	Total Amount Called up.	Date.	Particulars.	Fo.	Total Amount Paid up	
			£ s d.	£ s d.				£ s d.	
19 Jan. 12	To Application and Allotment		5 -	37 10 -	19 Jan. 12	By Cash		19 12 -	
				37 10 -	" 12	" Cash		19 12 -	
				37 10 -				37 10 -	
Mar 10	To First Call		5 -	37 10 -	Mar 10	By Cash		37 10 -	

Name *Brown, William* Occupation *Hatter*
 Address *486 Bond Street, W*

EXERCISE XV (A)—No. 3

An example of an Annual Return is on page 584 of *Advanced Accounts*. See, also
 be submitted with the Annual Return.

EXERCISE XV (A)—No. 4.

THE X Y Z MANU
APPLICATION AND

No. of Application	NAME.	ADDRESS.	Occupation	No. of Shares Applied for	Amount Paid on Applica'n.
				£	s d.
1	Roberts, Arthur	10 Finsbury Street Birtton	Wool Merchant	4 000	1 000
2	Richards, Henry P	The Grange, Lynford, Hants	Gentleman	3 000	750
3	Norton, Lucas	114 Princes Street Sheffield	Iron Manufacturer	5 000	1,250
4	Albertson, Ellen	Park Grove, Finchley	Spinster	200	50
5	Princeton, Norman	129 Lombard Street E.C.	Stockbroker	5 000	1,250
6	Lloyd, George L.	178 High Road, Nottingham	Lace Manufacturer	500	125
				17,700	£4 425

ITED CO

SHARE LEDGER (SHARES)

Date entered as a Member

January 12th, 19

Date ceased to be a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE				
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Amount Paid up	
			From	To					From	To			Amount Paid up	
19 Jan 12		150	1	150	£ s d						£ s d	150	£ 37 10	-
						19 April 3		100	1	100	50 - -	50	25 - -	-

Date entered as a Member

April 3rd 19

Date ceased to be a Member

19 April 3		100	1	100	£ s d							100	£ 50 - -	-
------------	--	-----	---	-----	-------	--	--	--	--	--	--	-----	----------	---

the form of Balance Sheet on page 588 of *Advanced Accounts* which form would

FACTURING CO LTD

ALLOTMENTS BOOK (SHARES)

No of Shares Allotted	Distinctive Numbers		S L Fo	Amount Due on Appl cation and Allotment	Balance Due on Allotment	Cash Paid on Allotment	Cash Returned	No of Share Certificate	Remarks
	From	To							
3 000	1	3 000		£ 1 875	£ 875	£ 875	£ - -		
2 000	3 001	5 000		1 250	500	500	- -		
4 000	5 001	9 000		2 500	1 250	1 250	- -		
N 1									
4 000	9 001	13 000		2 500	1 250	1 250	50 - -		Letter of Regret No 1
500	13 001	13 500		312 10	87 10	87 10	- -		
13 500				£ 8 437 10	£ 3 962 10	£ 3 962 10	£ 50 - -		

EXERCISE XV (A)—No. 5

THE PNEUMATIC

(1)

REGISTER OF MEMBERS AND

Name *Essley, Robert* Occupation *Merchant* ..
 Address *115 Walkley Road Thornheath*

Dr.

CASH ACCOUNT

Cr

Date	Particulars	Fo	Amount Called up per Share.	Total Amount Called up	Date.	Particulars	Fo	Total Amount Paid up
19 Mar	To Application and Allotment		£ s d 7 6	£ s d 187 10	19 Feb 23	By Cash		£ s d 12 10
					Mar 10	" Cash		175
				£187 10				£187 10
May 1	To First Call		5	£125	May 15	By Cash		£125
Aug 31	" Second Call		2 6	£75	Sept 15	" Cash		£75
Oct 15	" Final Call		5	£130	Oct. 25	" Cash		£130

(2) Name *King, Thomas* Occupation *Surveyor* ..
 Address *14 The Lanes, Farnham*

19 Mar	To Application and Allotment		£ s d 7 6	£ s d 187 10	19 Feb 23	By Cash		£ s d 62 10
					Mar. 10	" Cash		125
				£187 10				£187 10
May 1	To First Call		5	£125	May 15	By Cash		£125
Aug 31	" Second Call		2 6	£90	Sept 15	" Cash		£90
Oct 15	" Final Call		5	£100	Oct. 25	" Cash		£100

(3) Name *Tinton, John* Occupation *Merchant* ..
 Address *115 Lane Street, Halifax*

19 Oct 15	To Final Call		£ s d 5	£ s d 20	19 Oct 25	By Cash		£ s d 20
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(4) Name *Brown Philip* Occupation *Engineer* ..
 Address *9 Lupus Street, Benfield*

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EXERCISE XV (A)—No. 6.

THE PNEUMATIC
REGISTER OF TRANS

No of Transfer	Date Transfer Registered	TRANSFEROR'S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1	19 July 1	2	King, Thos.	14 The Lanes, Farnham	Surveyor	1	Esley, Robert
2	Oct. 12	1	Esley, Robert	115 Walkley Road, Thorn heath	Merchant	3	Tinton, John
3	Dec. 2	1	Esley, Robert	115 Walkley Road, Thorn heath	Do.	4	Brown, Philip

EXERCISE XV (A)—No. 7.

CALL BOOK
First Call of 5s per share made

S L Fo	NAME	ADDRESS	No of Shares Held	Amount Due		
	Lake R T	16 Bradford Road Leeds	2,000	£	s	d
	Brown, A F	19 Rufus Street, Bradford	1	500	—	—
	Cassell F	176 Park Road Finsbury, N W.	1		5	—
	Neller, T O	127 Brownley Road Hampstead	1		5	—
	Locksley, N P	125 Coldharpe Avenue, Brixton, S W	1		5	—
	Chalmers, E	17 Buller Street Nottingham	1		5	—
	Bullen, F T	12 Luke Street, Bexley	2,495	623	15	—
	Silverlock, J P	Clere Park, Winthorpe	5 500	1,375	—	—
			10 000	£2 500	—	—

TYRE CO LTD

FERS (ORDINARY SHARES)

TRANSFEREE'S		SHARES TRANSFERRED					No of New Certificates	Remarks.
ADDRESS	Occupation	No of Shares	Distinct ve Numbers		Amount Paid up			
			From.	To				
115 Walkley Road Thorn heath	Merchant	100	401	500	£ 62 10 -	101		
115 Lime Street Hal fax	Do	80	801	880	60 - -	102		
9 Lupus Street Benfield	Engineer	{ 100 80 340	{ 401 721 831	{ 500 800 1 220	{ 100 80 340	{ - - - }	103	

(ORDINARY SHARES)

May 5th and payable by May 20th

Amount Paid			ARREARS			Calls, Paid in Advance			Remarks
			Amount	Days	Interest				
£ 300	s -	d -	£ 200	-	-	31	£ 17	-	Paid June 20th
	5 -	-							
	5 -	-							
	5 -	-							
	5 -	-							
323 15	-	-	300	-	-	31	1 5	6	Paid June 20th
1 375									
£2 000	-	-	£500	-	-		£2 2	6	

EXERCISE XV (A)—No. 8

DEBENTURE APPLICATION

No. of Application.	Date of Application.	NAME.	ADDRESS.	Occupation.	No. of Debts. Applied for	Amount Paid on Application.
1	19 Mar.	Adams, R. E.	61 Carnaby Street, Birmingham	Baker	30	£ 1,200
2	" 2	Brady, A.	17 Seaford Road, Liverpool	Surveyor	10	400
3	" 3	Cooper, W. S.	21 Regent Street, Leeds	Butcher	6	240
4	" 4	Dawson, C. T.	44 Windsor Road, Manchester	Architect	10	400
5	" 5	Ellis, H.	21 Crofton Street, Warwick	Solicitor	6	240
6	" 5	Forster, P. O.	12 Penton Road, Nottingham	Artist	6	240
7	" 6	Goodwin, E.	70 Percy Street, Reading	Journalist	10	400
8	" 7	Howard, C. E.	25 Burnaby Gardens, Winchester	Spurster	25	1,000
9	" 7	Irving, W.	112 Brockley Road, Southampton	Engineer	10	400
10	" 8	Jeffries, T. D.	29 Granville Street, London, W.	Merchant	5	200
11	" 8	Lockwood, M.	108 Westbourne Grove, Windsor	Barrister	5	200
12	" 8	Taylor, L. F.	78 Stewart Road, London, W.	Gentleman	20	800
					143	(5,720)

DEBENTURE HOL

Date.	Receipts.	Fo.	Amount	Date	Payments.	Fo.	Amount.
19 Mar	To Application A/c		£	19 Mar	By Application A/c		£
2	Adams, R. E.		1,200	10	Cooper, W. S.		240
3	Brady, A.		400	" 10	Jeffries, T. D.		200
4	Cooper, W. S.		240		Transfer to General Cash Book		5,280
5	Dawson, C. T.		400				
6	Ellis, H.		240				
7	Forster, P. O.		240				
8	Goodwin, E.		400				
9	Howard, C. E.		1,000				
10	Irving, W.		400				
11	Jeffries, T. D.		200				
12	Lockwood, M.		200				
	Taylor, L. F.		800				
			(5,720)				(5,720)

EXERCISE XV (A)—No. 9.

REGISTER OF TRANSFERS

No. of Transfer.	Date Transfer Registered	TRANSFEROR'S		Occupation.	Deb. Fo.	NAME.
		Deb. Fo.	NAME.			
101	19 May		Adams, R. E.	Baker		Dawson, C. T.
102	June 10		Howard, C. E.	Spurster		Ellis, H.
103	" 18		Taylor, L. F.	Gentleman		Forster, P. O.
104	" 25		Howard, C. E.	Spurster		Ellis, H.
105	July 9		Adams, R. E.	Baker		Burnaby, James
106	Aug. 22		Taylor, L. F.	Gentleman		Armstrong Roper

AND ALLOTMENTS BOOK

No of Debs Allotted	Distinctive Numbers		Fo	Amount Due on Application and Allotment			Balance Due on Allotment			Cash Paid on Allotment			Cash Returned			Remarks
	From	To		£	s	d	£	s	d	£	s	d	£	s	d	
20	1	20		2 000			800			800						Letter of Regret No 5
10	21	30		1 000			600			600						
mi													240			
5	31	35		500			100			100						
5	36	40		500			260			260						
5	41	45		500			260			260						Letter of Regret No 6
10	46	55		1 000			600			600						
20	56	75		2 000			1 000			1 000						
5	76	80		500			100			100						
mi													200			
5	81	85		500			300			300						
15	86	100		1 500			700			700						
100				£10 000			£4 720			£4 720			£440			

DERS' CASH BOOK

Date	Receipts	Fo	Amount			Date	Payments	Fo	Amount		
19 Mar 10 to Mar 20	To Allotment A/c— Brady A Adams R E Dawson C T Ellis H Forster P O Goodwin E Howard C E Irving W Lockwood M Taylor L F		£	s	d	19 Mar 20	By Transfer to General Cash Book		£	s	d
			600						4 720		
			800								
			600								
			260								
			260								
			100								
			1 000								
			100								
			300								
			700								
			£4 720						£4 720		

FLRS (DEBENTURES)

TRANSFERREES		DEBENTURES TRANSFERRED					Remarks
ADDRESS	Occupation	No of Debs	Distinctive Numbers		Amount Paid up		
			From	To			
14 Windsor Road Manchester	Architect	5	1	5	£ 500	s	d
21 Crofton Street Warwick	Solicitor	5	56	60	500	-	-
12 Penton Road North nghanu	Artist	5	86	90	500	-	-
21 Crofton Road Warwick	Sol itor	5	61	65	500	-	-
112 Leman St Northampton	Merchant	5	6	10	500	-	-
95 Bromley Road Newcastle	Engineer	5	91	95	500	-	-

EXERCISE XV (A)—No 11

My friend on my advice, would invest his £1 000 in 6 per cent Cumulative Preference Shares for the following reasons—

(a) Cumulative Preference Shares have a prior claim for a dividend on profits

(b) Arrears on dividends must (if profits warrant it) be paid

(c) Such shares often carry a claim upon ASSETS (after other creditors have been met) before other classes of shareholders are considered

EXERCISE XV (A)—No 12

A's BOOKS

Dr		GOODS ACCOUNT				Cr		
				19 Jan 2	By B	£	s	d
						600	-	-

Dr		B's ACCOUNT				Cr			
19 Jan 2	To Goods	£	s	d	19 Feb 2	By Bills Receivable (4 mos)	£	s	d
May 28	Bank	600	-	-			600	-	-
June 2	Interest	600	-	-	May 28	" Bank	200	-	-
		5	-	-	June 2	" Bills Receivable (3 mos)	400	-	-
		£1 205	-	-			£1 205	-	-

Dr		BILLS RECEIVABLE						Cr		
19 Feb 2	To B	£	s	d	19 Mar 5	By Bank	£	s	d	
June 2	E	600	-	-			600	-	-	
		400	-	-						

Dr		BANK ACCOUNT						Cr		
19 Mar 5	To Bills Receivable	£	s	d	19 Mar 5	By Bank Discount	£	s	d	
May 28	B	600	-	-	May 28	B	9	-	-	
		200	-	-			600	-	-	

Dr		BANKER'S DISCOUNT ACCOUNT				Cr		
19 Mar 5	To Sundries	£	s	d				
		9	-	-				

EXERCISE XV (A)—No. 12 (contd.)

Dr.		INTEREST ACCOUNT				Cr		
				19	June 2	By B	£	s. d.
							5	-

EXERCISE XV (A)—No. 13.

Dr		ORDINARY BUSINESS ACCOUNT				Cr		
19	To G 40% of £2 000 " H 30% of £2 000 " J 30% of £2,000	£	s.	d.	19	By Profit and Loss A/c	£	s. d.
		800	-	-			2 000	- -
		600	-	-				
		600	-	-				
		£2 000	-	-			£2 000	- -

Dr		VENTURE No 1				Cr		
19	To G $\frac{1}{2}$ of £800 " J $\frac{1}{4}$ of £800 " H 40% of £1 000	£	s.	d.	19	By Profit and Loss A/c Net Profit	£	s. d.
		342	17	2			1,000	- -
		257	2	10				
		400	-	-				
		£1,000	-	-			£1,000	- -

Dr		VENTURE No 2				Cr		
19	To Profit and Loss A/c " Net Loss	£	s.	d.	19	By H 45% of £300 " G, $\frac{1}{4}$ of £275 " J, $\frac{1}{4}$ of £275	£	s. d.
		500	-	-			225	- -
							157	2 10
							117	17 2
		£300	-	-			£500	- -

Dr		G'S CAPITAL ACCOUNT				Cr		
19	To Venture No 2 " Balance c/d	£	s.	d.	19	By Ordinary Bus. A/c " Venture No 1	£	s. d.
		157	2	10			800	- -
		983	14	4			342	17 2
		£1 142	17	2			£1 142	17 2

EXERCISE XV (A)—No 13 (contd)

Dr		H S CAPITAL ACCOUNT				Cr			
19	To Venture No 2 Balance c/d	£ 225 775	s — —	d — —	19	By Ordinary Bus A/c Venture No 1	£ 600 400	s — —	d — —
		<u>£1 000</u>					<u>£1 000</u>		

Dr		J S CAPITAL ACCOUNT				Cr			
19	To Venture No 2 Balance c/d	£ 117 739	s 17 5	d 2 8	19	By Ordinary Bus A/c Venture No 1	£ 600 257	s — 2	d — 10
		£857	2	10			£857	2	10

EXERCISE XV (A)—No 14

GENERAL LEDGER

Dr		SALES LEDGER ADJUSTMENT ACCOUNT				Cr			
1932 April 1 1932 to April 1 1933 Mar 31	To Balance To Credit Sales Interest charged To Bills Receivable (dishonoured) Petty Cash Balance c/d	£ 20 196 132 823 71 150 47 50	s 2 — 5 — 8 9	d 5 11 — 6 6 6	1932 April 1 to 1933 Mar 31 " "	By Cash Discount Bills Receivable Returns Inward Bad Debts Sundry Creditors Balance c/d	£ 90 987 2 080 22 800 4 875 2,209 78 30 305	s 19 10 — 16 11 8 17	d 4 9 — 6 2 11 8
		£153 338	6	4			£153 338	6	4
1933 April 1	To Balance b/d	£30 305	17	8	1933 April 1	By Balance b d	50	9	6

Dr		BOUGHT LEDGER ADJUSTMENT ACCOUNT					Cr		
1932 April 1 to 1933 Mar 31 " "	To Cash Discount " Petty Cash Returns Outwards Bills Payable Sundry Debtors Balance c/d	£ 71 556 1 228 39 5,203 23 850 78 11 571	s 17 1 6 17 8 9 19	d 10 3 7 7 11 1 1	1932 April 1 1932 April 1 to 1933 Mar 31	By Balance Purchases	£ 12,375 101 150	s 18 7	d 6 9
		£113 556	6	3	1933 April 1	By Balance b/d	11 571	19	1

EXERCISE XV (A)—No. 15

See Section 24 of Partnership Act set out on pages 377 and 378 of *Advanced Accounts*

In applying the above to the case under review, the £3,000 must first be reduced by 5 per cent of £2,000 (for 6 months), being Interest due to A's Loan. The remaining profit must then be divided equally between A and B, i.e. A and B will each receive £1,475

The agreement between A and B that B should be paid a salary of £500 would mean that the salary would be a further reduction of Net profit by that amount, hence A and B in the new circumstances would each receive £1,225

EXERCISE XV (A)—No. 16

JOURNAL OF A, B AND C

1936			£	s	d	£	s	d
Jan 1	Land and Buildings	Dr	1,200	-	-			
	Capital Accounts—							
	A ($\frac{2}{3}$ of £590)		354	-	-			
	B ($\frac{1}{3}$ of £590)		236	-	-			
	To Bad Debts Reserve					390	-	-
	(5 per cent of £7,800)							
	„ Plant and Machinery					320	-	-
	„ Stock					780	-	-
	„ Patents					300	-	-
			£1,790	-	-	£1,790	-	-
Jan 1	Goodwill Account	Dr	8,000	-	-			
	To A's Capital $\frac{3}{4}$ of £8,000					2,880	-	-
	„ B's „ $\frac{1}{4}$ of £8,000					1,920	-	-
	„ C's „ $\frac{1}{2}$ of £8,000					3,200	-	-
			£9,790	-	-	£9,790	-	-
Jan 1	Bank Account	Dr	8,200	-	-			
	To C's Capital					5,000	-	-
	„ A's „ ($\frac{2}{3}$ of £3,200)					2,400	-	-
	„ B's „ ($\frac{1}{3}$ of £3,200)					800	-	-
Jan 1	A's Capital ($\frac{2}{3}$ of £3,200)		2,400	-	-			
	B's „ ($\frac{1}{3}$ of £3,200)		800	-	-			
	To Bank					3,200	-	-
			£21,190	-	-	£21,190	-	-

KEY TO ADVANCED ACCOUNTS

EXERCISE XV (A)—No 16 (contd)

(Alternative Solution)

JOURNAL

	£	s	d	£	s	d
Jan 1 Land and Buildings	1 200	-	-			
To Re valuation Account				1 200	-	-
Agreed increase in book value of land and buildings						
Re valuation Account	1 790	-	-			
To Plant and Machinery				320		
Stock				780		
Patents				300		
Reserve for Bad Debts				390	-	-
Agreed reduction in book values of assets and reserve for bad debts						
A Capital Account	354					
B Capital Account	236	-	-			
To Re valuation Account				590		
Division of loss on re valuation						
Goodwill	8 000	-	-			
To A Capital Account				2 880		
B Capital Account				1 920		
C Capital Account				3 200		
Introduction into books of value of Goodwill divided in ratio to division of profits as agreed						
Bank	8 200					
To C Capital Account				5 000		
A Capital Account				2 400		
B Capital Account				800		
Cash brought in credited to respective partners as agreed i.e. £5000 to C and remainder to A and B in ratios of 3 : 1						
	£19 780	-	-	£19 780	-	-

The differences between a Receipts and Payments Account and an Income and Expenditure Account are set out on page 327 of the text book

THE SOCIETY FOR THE ENCOURAGEMENT OF GOOD BOOK-KEEPING

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH APRIL, 1938

Dr	EXPENDITURE		INCOME		Cr
	£	s d	£	s d	
To Rent of Office	47	-	By Subscriptions and Donations	-	753
Office Salaries	418	-	Literature Sales	-	715
Office Expenses	6	-	Receipts from Lecture Tickets	-	109
	36	-	Interest on Consols	-	24
Stock of Literature 1st May 1937					
Add Purchases of Literature	409	-			
Less Stock of Literature 30th April 1938	136	-			
	25	-			
Lecturers Fees and Hire of Halls	98	-			
Depreciation of Office Furniture					
Excess of Income over Expenditure for the Year					£1,631

BALANCE SHEET AS AT 30TH APRIL 1938

LIABILITIES		ASSETS	
£	s d	£	s d
Subscriptions 1938 98 paid in advance	28	Cash in hand	950
Rent owing	20	Office Furniture	40
Capital Account, Balance 1st May 1937		Attd Additions	390
Add Excess of Income over Expenditure for the year	183	Less Depreciation	25
	98	4 per cent Consols	836
		Less Sales	205
			431
			365
			255
			58
			£1,929

EXERCISE XV (B)—No 1

JOURNAL

	£	s	d	£	s	d
Ordinary Shareholders To Ordinary Share Capital 200 000 shares of £1 each	200 000	-	-	200 000	-	-
Debenture Holders To Debentures 800 bonds of £100 each	80 000	-	-	80 000	-	-
	£280 000	-	-	£280 000	-	-

CASH BOOK
(DEBIT SIDE)

		Bank	£	s	d
19	To Ordinary Shareholders Debenture Holders		200 000 80 000	-	-
			£280 000	-	-

TRIAL BALANCE

	£	s	d	£	s	d
Ordinary Share Capital				200 000	-	-
Debentures				80 000	-	-
Cash at Bank	280 000	-	-			
	£280 000	-	-	£280 000	-	-

EXERCISE XV (B)—No. 1 (contd.)

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d.	PROPERTY AND ASSETS	£	s	d.
<i>Ordinary Share Capital—</i>				<i>Cash at Bank.</i>	280,000	—	—
200,000 Shares of £1 each	200,000	—	—				
<i>Debentures—</i>							
800 Bonds of £100 each.	80,000	—	—				
	£280,000	—	—		£280,000	—	—

EXERCISE XV (B)—No. 2.

JOURNAL

19..		£	s	d.	£	s	d.
	Preference Shareholders	225,000	—	—			
	To Preference Share Capital				200,000	—	—
	200,000 shares of £1 each						
	To Premium on Shares Account				25,000	—	—
	2s 6d per share on 200,000 shares						
	Debenture Holders	84,000	—	—			
	To Debentures				80,000	—	—
	£80,000 issue of debentures						
	To Debenture Premium A/c				4,000	—	—
	3% of £80,000.						
		£309,000	—	—	£309,000	—	—

CASH BOOK

(DEBIT SIDE)

		Bank.		
		£	s	d.
19.	To Preference Shareholders	225,000	—	—
	.. Debenture Holders	84,000	—	—
		£309,000	—	—

EXERCISE XV (B)—No 2 (*contd*)

TRIAL BALANCE

	£	s	d	£	s	d
Preference Share Capital				200 000	—	—
Premium on Shares				25 000	—	—
Debentures				80 000	—	—
Debenture Premium				4 000	—	—
Cash at Bank	309 000	—	—			
	£309 000	—	—	£309 000	—	—

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Preference Share Capital—				Cash at Bank	309 000	—	—
200 000 Shares of £1 each	200 000	—	—				
Share Premium Account	25 000	—	—				
Debentures	80 000	—	—				
Premium on Debentures A/c	4 000	—	—				
	£309 000	—	—		£309 000	—	—

EXERCISE XV (B)—No 3

JOURNAL

19		£	s	d	£	s	d
	Debenture Holders	76 000	—	—			
	Debenture Discount	4 000	—	—			
	To Debentures				80 000	—	—
	For issue of £80 000 debentures						
	in bonds of £100 each @ £9s						
	per bond						
		£80 000	—	—	£80 000	—	—

EXERCISE XV (B)—No. 3 (*contd.*)CASH BOOK
(DEBIT SIDE)

19..		£	s	d
	To Debenture Holders	76 000	-	-

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80,000	-	-
Debenture Discount	4 000	-	-			
Cash at Bank	76 000	-	-			
	£80,000	-	-	£80,000	-	-

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS.	£	s	d
Debentures— 800 Bonds of £100 each	80 000	-	-	Cash at Bank	76 000	-	-
	£80 000	-	-	Debenture Discount	4 000	-	-
					£80 000	-	-

EXERCISE XV (B)—No. 4

JOURNAL

19		£	s	d	£	s	d
	Application A/c (Ordinary Shares). To Ordinary Share Capital 2/6 per share on 200 000 shares	25,000	-	-	25,000	-	-
	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 7/6 per share on 200 000 shares	75,000	-	-	75,000	-	-
	First Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 200,000 shares	50,000	-	-	50,000	-	-
	Final Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 200 000 shares	50,000	-	-	50,000	-	-
		£200 000	-	-	£200 000	-	-

CASH BOOK
(DEBIT SIDE)

19		£	s	d
	To Application Account (Ordinary Shares)	25 000		—
	Allotment Account (Ordinary Shares)	75 000		—
	First Call Account (Ordinary Shares)	50 000		—
	Final Call Account (Ordinary Shares)	50 000		—
		£200 000		—

TRIAL BALANCE

	£	s	d	£	s	d
Ordinary Share Capital				200 000		—
Cash at Bank	200 000		—			
	£200 000		—	£200 000		—

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Ordinary Share Capital— 200 000 Shares of £1 each	200 000			Cash at Bank	200 000		
	£200 000				£200 000		

EXERCISE XV (B)—No 5

JOURNAL

19		£	s	d	£	s	d
	Application A/c (Preference Shares)	75 000		—			
	To Preference Share Capital				50 000		—
	5/- per share on 200 000 shares						
	To Share Premium A/c				25 000		—
	2/6 per share on 200 000 shares						
	Allotment A/c (Preference Shares)	50 000		—			
	To Preference Share Capital				50 000		—
	5/- per share on 200 000 shares						
	First Call A/c (Preference Shares)	50 000		—			
	To Preference Share Capital				50 000		—
	5/- per share on 200 000 shares						
	Final Call A/c (Preference Shares)	50 000		—			
	To Preference Share Capital				50 000		—
	5/- per share on 200 000 shares						
		£225 000		—	£225 000		—

EXERCISE XV (B)—No. 6 (contd)

CASH BOOK
(DEBIT SIDE)

		Bank		
		£	s	d
19	To Application Account (Debentures)	16 000	—	—
	„ Allotment Account (Debentures)	24 000	—	—
	„ Call Account (Debentures)	40 000	—	—
		£80 000	—	—

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80 000	—	—
Cash at Bank	80 000	—	—			
	£80 000	—	—	£80 000	—	—

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Debentures— 800 Bonds of £100 each	80 000	—	—	Cash at Bank	80 000	—	—
	£80 000	—	—		£80 000	—	—

EXERCISE XV (B)—No. 7

JOURNAL

		£	s	d	£	s	d
19	Application Account (Debentures)	16 000	—	—			
	To Debentures				8 000	—	—
	10% of £80 000						
	To Debenture Premium A/c				8 000	—	—
	10% of £80 000						
	Allotment Account (Debentures)	72 000	—	—			
	To Debentures				72 000	—	—
	90% of £80 000						
		£88 000	—	—	£88 000	—	—

EXERCISE XV (B)—No. 7 (*contd*)CASH BOOK
(DEBIT SIDE)

		Bank.		
		£	s	d
19..	To Application Account (Debentures)	16,000	—	—
	„ Allotment Account (Debentures)	72,000	—	—
		<u>£88,000</u>	—	—

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80,000	—	—
Debenture Premium				8,000	—	—
Cash at Bank	88,000	—	—			
	<u>£88,000</u>	—	—	<u>£88,000</u>	—	—

BALANCE SHEET

CAPITAL AND LIABILITIES		£	s	d	PROPERTY AND ASSETS		£	s	d
<i>Debentures—</i>					Cash at Bank		88,000	—	—
800 Bonds of £100 each	£	80,000	—	—					
Debenture Premium Account	£	8,000	—	—					
	<u>£</u>	<u>88,000</u>	—	—			<u>£88,000</u>	—	—

EXERCISE XV (B)—No. 8

JOURNAL

	£	s	d	£	s	d
19	Application Account (Debentures)	16,000		16,000		
	To Debentures					
	£20 per bond on 800 bonds of £100 each					
	Debenture Discount Account	8,000		8,000		
	To Debentures					
	10% of £80,000					
	Allotment Account (Debentures)	56,000		56,000		
	To Debentures					
	Balance of amount due, i.e. £72,000					
	— £16,000					
	<u>£80,000</u>	—	—	<u>£80,000</u>	—	—

EXERCISE XV (B)—No 8 (contd.)

CASH BOOK

19		£	s	d
	To Application Account (Debentures)	16 000	—	—
	Allotment Account (Debentures)	56 000	—	—
		£72 000		

TRIAL BALANCE

	£	s	d	£	s	d
Debentures				80 000	—	—
Debenture Discount	8 000					
Cash at Bank	72 000					
	£80 000			£80 000		

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Debentures—				Cash at Bank	72 000		
800 Bonds of £100 each	80 000			Debenture Discount	8 000		
	£80 000				£80 000		

EXERCISE XV (B)—No 9

JOURNAL

19		£	s	d	£	s	d
	Application Account	25 000	—	—			
	To Share Capital Account				25 000	—	—
	2/6 per share on 700 000 shares						
	Application Account	1 875	—	—			
	To Allotment Account				1 875	—	—
	Transfer of 2/6 per share on 15 000						
	oversubscribed on application						
	Allotment Account	50 000	—	—			
	To Share Capital Account				50 000	—	—
	5/- per share on 700 000 shares						
		£76 875	—	—	£76 875	—	—

Dr

CASH BOOK

Cr

	£	s	d		£	s	d
To Application Account	25 000			By Application Account	1 875		
(250 000 2/6s)				(15 000 2/6s returned			
Allotment Account	48 125			to successful applicants)			
(£50 000 less £1,875)				Balance c/d	75 000		
	£76 875				£76 875		

EXERCISE XV (B)—No 10.

JOURNAL

19..		£	s	d	£	s	d
	Application Account	25,000	-	-	25,000	-	-
	To Share Capital Account						
	2/6 per share on 200,000 shares						
	Allotment Account	25,000	-	-	25,000	-	-
	To Share Capital Account						
	2/6 per share on 200 000 shares						
	Call Account	50,000	-	-	50,000	-	-
	To Share Capital Account						
	5/- per share on 200,000 shares						
		£100 000	-	-	£100,000	-	-

CASH BOOK

(DEBIT SIDE)

19.		£	s	d
	To Application Account	25 000	-	-
	.. Allotment Account	25 000	-	-
	.. Call Account	50,037	10	-
	(£50 000 + (£100 paid in advance, less £62/10/- in arrears))			
		£100 037	10	-

BALANCE SHEET

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
Nominal Capital							Cash at Bank				100 037	10	-
250 000 Shares of £1 each	250,000												
Issued Capital													
200 000 Shares of £1 (10/- called)	100,000	-	-										
Add Calls in Advance	100	-	-										
	100,100	-	-										
Less Calls in Arrears	62	10	-										
				100 037	10	-							
				£100,037	10	-					£100 037	10	-

EXERCISE XV (B)—No 11

JOURNAL

		£	s	d	£	s	d
19 June 30	Application A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 100 000 shares To Premium on Shares A/c 5/- per share on 100 000 shares	50 000	-	-	25 000	-	-
					25 000	-	-
July 15	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 15/- per share on 100 000 shares	75 000	-	-	75 000	-	-
		£125 000	-	-	£125 000	-	-

EXERCISE XV (B)—No 12

THE BLARNEYSTONE DIAMOND SYNDICATE LTD

JOURNAL

		£	s	d	£	s	d
19 Jan 2	Application A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 20 000 shares	5 000	-	-	5 000	-	-
" 2	Application A/c (Preference Shares) To Preference Share Capital 5/- per share on 8 000 shares	2 000	-	-	2 000	-	-
Feb 1	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 10/- per share on 20 000 shares	10 000	-	-	10 000	-	-
" 1	Allotment A/c (Preference Shares) To Preference Share Capital 10/- per share on 8 000 shares	4 000	-	-	4 000	-	-
Mar 1	First Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 20 000 shares	5 000	-	-	5 000	-	-
" 1	First Call A/c (Preference Shares) To Preference Share Capital £2 per share on 8 000 shares	16 000	-	-	16 000	-	-
		£42 000	-	-	£42 000	-	-

EXERCISE XV (B)—No. 12 (contd)

CASH BOOK
(DEBIT SIDE)

		Bank	
		£	s d
19			
Jan	2	To Application Account (Ordinary Shares)	5,000
"	2	Application Account (Preference Shares)	2,000
Feb	1	Alotment Account (Ordinary Shares)	8,000
"	1	Alotment Account (Preference Shares)	3 500
Mar	1	First Call Account (Ordinary Shares)	3 200
"	1	First Call Account (Preference Shares)	13,000
		£34 700	

The amounts unpaid were as follows—

Ordinary Shares, £3,800

Preference Shares, £3,500

EXERCISE XV (B)—No. 13.

BALANCE SHEET OF THE BOSCOMBE MANUFACTURING CO LTD

CAPITAL AND LIABILITIES	£	£	PROPERTY AND ASSETS	£	£
Nominal Capital—			Machinery and Plant	8,700	
20 000 5% Preference Shares	20 000		Less Depreciation	572	8 128
of £1 each			Stock in trade		7,430
20,000 Ordinary shares of £1	20 000		Sundry Debtors	6 360	
each			Less Bad Debts Reserve	500	6 050
	£ 40 000		Cash at Bank		8 134
Issued Capital—			Goodwill		12 000
20 000 5% Preference Shares	20 000		Insurance Unexpired		146
fully called					
Less Calls in Arrear	10	19 900			
19 000 Ordinary Shares, 15s					
called	13 500				
Less Calls in Arrear	5	13 495			
General Reserve A/c		3 000			
Sundry Creditors		2 473			
Profit and Loss Appropriation					
A/c—					
Balance 1st January	209				
Current Year's Profit	2 791	3 000			
	£ 41,908				£ 41 908

EXERCISE XV (B)—No. 14

The student should compare his own effort with the model set of Final Accounts on the following two pages. That is the answer to No. 15, but will serve equally well for the two questions

W. PEARSON & CO. LTD.

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19					
<i>Dr</i>	£	s	d	£	<i>Cr</i>
To Stock 1st Jan					
Purchases		8	00		62 850
Carriage and Cartage		41	800		6 820
Manufacturing Wages			395		-
Balance Gross Profit c/d		12	450		-
		6	225		-
				£ 69 670	£ 69 670
To Salaries		1	230		6 225
Rates and Taxes			111		48
Insurance			98		-
Trade Expenses		382			-
Repairs		174			-
Office Expenses		124			-
Debiture Interest		225			-
Bad Debts		191			-
Bad Debts Res (5% of £3 640)		182			-
Depreciation Account— Plant and Machinery (10% of £6 000)		600			-
Balance Net Profit c/d		2	956		£ 6 273
				£ 6 273	£ 6 273
APPROPRIATION ACCOUNT					
<i>Dr</i>	£	s	d	£	<i>Cr</i>
To Reserve Fund					
Balance to Balance Sheet		1	000		2 956
		1	956		-
				£ 2 956	£ 2 956

EXERCISE XV (B)—No. 16 (contd.)

MESSRS P PINK AND B. BROWN

BALANCE SHEET AS AT 31ST DECEMBER 19..

LIABILITIES		£	s	d	£	s	d	£	s	d
Rent Owning					125	-	-			
Creditors					854	-	-			
Capital Accounts—										
P. Pink		3,600	-	-				1,293	-	-
B. Brown		1,600	-	-				1,557	-	-
					5 200	-	-	31	-	-
Current Accounts—										
P. Pink		1,304	-	-				2,934	-	-
B. Brown		317	-	-				567	-	-
					1,621	-	-			
								2,367	-	-
								1,287	-	-
								798	-	-
								400	-	-
								36	-	-
								21	-	-
								£7,800	-	-

EXERCISE XV (B)—No 17

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1907													
Dr		£		s		d		£		s		d	
To Stock 1st Jan													
Purchases		50 350						136 500					
Less Returns Outwards		750						400					
Manufacturing Wages													
Manufacturing Charges													
Balance Gross Profit c/d													

EXERCISE XV (B)—No 17 (contd.)

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr.

	£	s	d	£	s	d	£	s	d
To Trade Expenses			6,850						
" Rates and Taxes			250						
" General Expenses			2,640						
" Salaries			1,500						
" Insurance	190								
<i>Less</i> Amount prepaid	90								
Discount			100						
" Interest and Bank Charges			1,800						
" Directors' Fees			350						
" Bad Debts			500						
" Bad Debts Res (5% of £52,500)	2,625		570						
<i>Less</i> Old Reserve	2,600								
Depreciation—			25						
Patents (10% of £5,000)	500								
Machinery and Plant	2,136								
(6% of £35,600)									
Land and Buildings	667	10							
(3% of £22,250)									
Balance, Net Profit c/d			3,303		10				
			18,261		10				
			£36,150				£36,150		

EXERCISE XV (B)—No 17 (cont'd)

Dr		APPROPRIATION ACCOUNT				Cr	
	£	£	s	d	£	s	d
✓ To Remuneration to Mang Director (10% of £18 261/10/-)		1 826	3	-		750	-
Reserve Fund		2 500	-	-		18 261	10
" Balance to Balance Sheet		14 685	7	-			
		£ 19 011	10	-	£ 19 011	10	-

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XV (B)--No. 18.

THE BROWN BOX CO., LTD

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19													Cr.			
	£	s	d	£	s	d		£	s	d	£	s	d	£	s	d
To Stock, 1st Jan	4,129	15	8	1,929	14	7	By Sales	10,124	14	2	10,021	11	4			
" Purchases	94	12	4				Less Returns Inwards	101	2		1,721	17	3			
" Less Returns Outward							" Stock, 31st Dec.									
" Carriage				4,035	4	4										
" Manufacturing Wages				422	4	8										
" Balance, Gross Profit c/d . . .				2,014	1	9										
				3,344	3	3										
				£11,745	8	7										
To Rates and Taxes	87	14	1				By Trading Account b/d				11,745	8	7			
Less Amount unexpired	17	8	2				" Discount				344	3	3			
" Trade Expenses				70	5	11					13	2	-			
" Lighting and Heating Expenses .				39	1	1										
" General Expenses				72	2	6										
" Salaries				127	16	10										
" Insurance				505	14	8										
Less Amount unexpired	39	1	2													
" Directors' Fees	9	7	6													
" Bank Charges				29	13	8										
" Bad Debts Reserve (addition thereto)				50	-	-										
" Depreciation—				10	2	1										
Furniture and Fixtures (8% of 894/8/10)				211	5	4										
Plant and Machinery (10% of £727/10/4)	47	6	4													
Land and Buildings (2½% of £3,700)	172	15	-													
	92	10														
" Balance, Net Profit c/d				312	11	4										
				1,928	11	10										
				£3,837	5	3								£3,357	5	3

APPROPRIATION ACCOUNT												Cr.	
Dr.	£	s	d	£	s	d	£	s	d	£	s	d	
To Preference Share Dividend	:	:	:				By Balance from Previous Year	:	:	:	472	7	2
" Ordinary Share Dividend	:	:	:				" Profit and Loss Account b/d	:	:	:	1 928	11	10
" Balance to Balance Sheet	:	:	:										
											£2 400	19	-

THE BROWN BOX CO. LTD.

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
<i>Nominal Capital—</i>							Freehold Land and Buildings	3 700	—	—			
5 000 6% Preference Shares of £1 each	5 000	—	—				Less Depreciation	92	10	—			3 607 10 —
5 000 Ordinary Shares of £1 each	5 000	—	—				Plant and Machinery	1 727	10	2			
							Less Depreciation	172	15	—			1 554 15 2
	10 000	—	—				Furniture and Fittings	946	6	10			
							Less Depreciation	47	6	4			
<i>Issued Capital—</i>							Stock	3 764	17	10			
3 000 6% Preference Shares of £1 fully paid	3 000	—	—				Sundry Debtors	400	—	—			899
4 800 Ordinary Shares of £1 fully paid	4 800	—	—				Less Bad Debts Reserve						1 721 17 3
							Cash at Bank	822	5	7			
							in hand	63	2	1			3 364 17 10
													885 7 8
Sundry Creditors							<i>Unexpired Amounts—</i>						
<i>Profit and Loss Account—</i>							Insurance	9	7	6			
Balance available for distribution							Rates and Taxes	17	8	2			26 15 8
													12 060 4 1 —

EXERCISE XV (B)—No 19

THE CHESHIRE MANUFACTURING CO LTD

Cr.

THE CHELSEA, MANCHESTER, & LONDON ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.	Cr.	£	s	d	£	s	d
To Stock, 1st Jan		11	420	-			
" Purch 1898		43	248	-			
" Carriage Inwards		220		-			
Wages	9	371	-	-			
Add Reserve for Wages	50		-	-			
Fuel		9	421	-			
" Balance, Gross Profit c/d		7	978	-			
		72	858				
To Salaries		875		-			
" Repairs		445		-			
" Btl Dec 18		275		-			
Post 1898		88		-			
Rates Taxes and Insurance	524		-	-			
Less Insurance prepaid	21		-	-			
Discounts Allowed		503		-			
Travelling Expenses		517		-			
Office Expenses		302		-			
Carriage Outwards		83		-			
Interest and Bank Charges		410		-			
Debenture Interest		75		-			
Add Debenture Interest accrued	375		-	-			
	375		-	-			
Directors' Fees		750		-			
Bad Debts Reserve (amount provided)		580		-			
Reserve for Discount on Debtors		400		-			
(5% of £24,900 £400)		1,195		-			
Depreciation—				-			
Plant and Machinery (10% of £5,620)	562		-	-			
Land and Buildings (1% of £25,100)	251		-	-			
Balance, Net Profit		813		-			
		872		-			
		£28,531					
By Sales							
" Stock 31st Dec		2,000					
" Loose Tools 1st Dec.		1,752					
Less Tools, 1st Jan							
		248					
		£28,531					
By Trading Account b/d		72,858					
Discounts Received		7,978					
Discount Reserve on Creditors		314					
(24% of £20,160)		229					

EXERCISE XV (B) No 19 (cont'd)

THE CHESHIRE MANUFACTURING CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s.	d.
Nominal Capital— 5 000 Preference Shares of £10 each	50 000	-	-
10 000 Ordinary Shares of £10 each	100 000	-	-
	£150 000	-	-
Issued Capital— 5 000 Preference Shares £2 called up			
10 000 Ordinary Shares £5 called up <i>Less Calls in Arrears</i>	50 000 250	-	-
5%, Mortgage Debentures— 150 Bonds of £100 each Debiture Interest accrued Bank Overdraft Sundry Creditors <i>Less Discount Reserve</i>	9 160 229	-	-
Reserve for Wages . . .			

EXERCISE XV (B)—No 20 (contd.)

THE HIGBURN MANUFACTURING CO LTD

BALANCE SHEET AS AT 30TH JUNE 19

CAPITAL AND LIABILITIES	£		s		d		£		s		d		£		s		d	
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
<i>Notes and Capital—</i>																		
40 000 Ordinary Shares of £1 each	40 000	—	—										18 750	—	—	12 450	—	—
													1 875	—	—			
<i>Issued Capital—</i>													3 750	—	—	16 875	—	—
40 000 Ordinary Shares of £1 each 15/- called up	30 000	—	—										375	—	—			
Less Calls in Arrears	205	—	—											—	—	3 375	—	—
							29 795						12 160	—	—	6 900	—	—
<i>Reserves—</i>													912	—	—			
50 000 Bonds Reserve Fund				5 000	—	—							1 427	—	—	11 248	—	—
Sundry Creditors				5 000	—	—							43	—	—			
				7 728	—	—								—	—	1 470	—	—
<i>Profit and Loss Account—</i>																98	—	—
Balance available for distribution				4 891	—	—												
							52 414									52 414	—	—

EXERCISE XV (B)—No. 20 (cont'd.)

THE HIGHBURN MANUFACTURING CO., LTD

APPROPRIATION ACCOUNT

[illegible]

⁴⁴ EXERCISE XV (B)—No 21

THE NORTH LONDON ENGINEERING CO., LTD

THE NORTH LONDON TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

THE NORTH LONDON ENGINEERING CO., LTD.					
TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..					
<i>Dr</i>	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s d.</i>
To Stock 1st Jan					
" Purchases	17,200	-	-	By Sales	121,580
" Carriage	84 604	-	-	" " Stock, 31st Dec.	14,250
" Manufacturing Wages	560	-	-		
" Balance, Gross Profit c/d	22,100	-	-		
	11,366	-	-		
	<u>£135,830</u>	-	-		<u>£135,830</u>

EXERCISE XV (B)—No 21 (cont'd)

THE NORTH LONDON ENGINEERING CO LTD

[illegible]

APPROPRIATION ACCOUNT

<i>Dr</i>	<i>Cr</i>					
	APPROPRIATION ACCOUNT					
	£	s	d	£	s	d
To Reserve Fund						
" Balance to Balance Sheet				By Profit and Loss Account		
				£ 500	-	-
				4 007	-	-
				£5 507	-	-
				5 507	-	-
				£5 507	-	-

EXERCISE XV (B)—No 21 (contd.)

THE NORTH LONDON ENGINEERING CO LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19 .

CAPITAL AND LIABILITIES	£		s		£	s		£	s	
	£	s	d		£	s	d	£	s	d
<i>Nominal Capital—</i> 100 000 Ordinary Shares of £1 each	100 000	—	—					24 000	—	—
								3 810	—	—
<i>Issued Capital—</i> 60 000 Ordinary Shares of £1 each 10/- per share called up	30 000	—	—					12 480	—	—
Less Calls in Arrears	300	—	—					1 248	—	—
								900	—	—
					29 700	—	—	180	—	—
<i>Mortgage Debentures—</i> 90 Bonds of £100 each										
Debenture Interest accrued					9 000	—	—	7 240	—	—
Reserve Fund	8 500	—	—		180	—	—	362	—	—
Add Transfer from Profit & Loss	1 500	—	—							
					10 000	—	—			
Holdfast Bank, Ltd (overdraft)					4 200	—	—			
Sundry Creditors					4 095	—	—			
Unpaid Dividends					58	—	—			
<i>Profit and Loss Account—</i> Bal available for distribution					4 007	—	—			
					£ 61,240	—	—			
								£ 61,240	—	—

EXERCISE XV (B)—No. 24

E F & CO'S LEDGER

Dr				J J & Co				Cr.				
19				£	s	d	19			£	s	d
Feb	1	To Sales		300			Feb	1	By Bills Receivable	354	11	
"	1	, Interest		4	7	6						
		(3 mos. @ 5%)										
	1	, Stamp Duty			4							
				£354	11	6				£354	11	6

CASH ACCOUNT
(Bank Column)

Dr				Cr	
(Bank Column)					
19 Mar 15	To Bills Receivable	£ 50	19 Mar 15	By Banker's Discount (£ of £14/3 8)	£ 15 6

BILLS RECEIVABLE ACCOUNT

Dr		BILLS RECEIVABLE ACCOUNT						Cr		
19 Feb 1	To J J & Co	f	s	d	19 Mar 15	By Cash	f	s	d	
		75	4	6			354	21	8	

T I & CO'S LEDGER

Dr				E F & Co				Cr							
19 Feb 1	To Bills Payable	£	354	s	11	d	6	19 Feb 1	By Purchases	£	350	s	4	d	6
								" 1	Interest		4	7	6		
								" 1	" Stamp Duty			4	-		
			£354		11	6					£354		11	6	

CASH BOOK
(Bank Column)

Dr		(Bank Column)				Cr		
				19 Mar 1	By Bills Payable	£ 354	s 11	d 6

BILLS PAYABLE ACCOUNT

Dr		BILLS PAYABLE ACCOUNT				Cr		
19 May 4	To Cash	£ 324	s 11	d 6	19 Feb 1	By E. F. & Co	£ 324	s 11 d 6

EXERCISE XV (B)—No 24 (contd)

FORM OF BILL

No 24

DUE DATE 4th May 19

LIVERPOOL

£354 11 6

1st February 19

STAMP

4/

Three months after date pay to our order the sum
of Three hundred and fifty four pounds eleven shillings
and sixpence for value received

To J J & Co
Manchester

Signatures { E
H

EXERCISE XV (B)—No 25

Dr

CONSIGNMENT ACCOUNT

Cr

(Consignment of Steel to SMITH & Co of Melbourne per S S Ormu)

		£	s	d			£	s	d
19	To Goods on Consignment (50 tons Steel @ £12½)	625			19	By Smith & Co (as per A/s)	640		
	Cash	3	10		31	Stock of Iron (10 tons Steel @ £12½ c/d)	125		
Dec 31	Smith & Co's Charges as A/s	48	15		31	Expenses c/d (½ of £37/10/-)	7	10	
31	Balance (Profit)	61	5						
		£72	10				£72	10	
Dec 31	To Balances b/d— Steel Expenses								
		132	10						

EXERCISE XV (B)—No 26

Dr

PROFIT AND LOSS ACCOUNT

Cr

		£	s	d			£	s	d
19	To Interest on Cap A's Partnership Salary Balance (Divisible profit)	310			19	By Balance	2510		
		400							
		1800							
		£2510					£2510		

This Account has been raised to show how divisible profit is arrived at
It is not part of the question

EXERCISE XV (C)—No 1

(a) An Appropriation Account is an extra subdivision of the Profit and Loss Account. It is designed to show how the profit of the year is appropriated. The account subjoined shows on its *debit* side to what purposes the profit of the company has been appropriated. This account is raised only in connection with joint stock companies.

Dr	APPROPRIATION ACCOUNT		Cr
To Preference Share Dividends	£ 1 000	By Balance brought forward from	£
Ordinary Share Dividends	500	December last year	8 0
Managers Directors Remuneration (5% of £8 000)	400	Current Year's Profit	8 000
Superannuation Fund	250		
Balance to Balance Sheet	6 00		
	<u>£8 850</u>		<u>£8 850</u>

Preliminary Expenses and Goodwill are now generally viewed as capital expenditure and it is thought consistent practice to write off any values relating to them through this account.

(b) A "charge against profits" is a term which signifies that the profit earned in business has been secured by an expense inevitable to that result. For example a trader may receive a loan from his banker of say £500 at 5 per cent per annum. Now the purpose to which he applies that £500 will obviously be for earning profit in his business. Let it be suggested that the return to the trader on his investment of the bank loan in his business yields £100 profit then against this £100 must be offset the £25 for interest due to the bankers. Therefore the £25 is said to be a charge against the profit of £100 earned because the trader cannot reasonably conclude that he has earned £100 whilst he is under an obligation in regard to the means by which he was able to secure that income.

An appropriation of profits is a term used to signify that the available profit of a business may be set apart for creating special reserves providing for dividends and for writing down items of capital expenditure e.g. Goodwill.

The distribution of dividends is an example of the appropriation of profits because their distribution can take place only when profit is available for the purpose. This aspect may be made clearer if it be understood that in the circumstance of a trade reverse the directors would be unable to declare a dividend because of there being no available profit for the purpose.

(c) Assets which do not lend themselves to classification as being either fixed or floating are those which are not acquired as a means of earning income or for the purpose of trading with them i.e. converting them into cash or commodities or their equivalents.

Examples of these are—

- (1) Goodwill
- (2) Preliminary Expenses
- (3) Debenture (or Share) Discount

(1) *Goodwill* is acquired when a business is purchased as a going concern and it is represented by a price paid to the vendor in satisfaction of the profits normally expected to be associated with the business taken over. This asset may be said to be of value to the new proprietors in the exact proportion to the changing values of the Trade Debtors taken over.

(2) *Preliminary Expenses* are the initial costs incurred on the formation of a business (see also *Advanced Accounts* page 534).

(3) *Debenture Discount* arises on an issue of debentures by a company when the price at which they are issued is less than their par value. The discount is the margin of price below par at which they may be bought e.g. debentures issued at 98 per cent means that the £2 below par value of £100 is discount.

EXERCISE XV (C)—No 2

JOURNAL OF THE RAYON D'OR PUBLISHING CO., LTD

		£	s	d	£	s	d
19 Dec 31	Profit and Loss Account To Appropriation Account For transfer of balance	11 400	-	-	11 400	-	-
" 31	Preference Stock Dividend Account To Preference Stockholders Income Tax For provision of dividends to stock holders at 6% less income tax @ 5/- in £	3 000	-	-	2 250 750	-	-
" 31	Appropriation Account To Preference Stock Dividend A/c For transfer of balance	3 000	-	-	3 000	-	-
" 31	Ordinary Share Dividend Account To Ordinary Shareholders Income Tax For provision of dividend to share holders at 8% less income tax @ 5/- in £	4,800	-	-	3,600 1 200	-	-
" 31	Appropriation Account To Ordinary Share Dividend For transfer of balance	4,800	-	-	4 800	-	-
" 31	Appropriation Account To Renewals Reserve Provision for addition to reserve	1 500	-	-	1 500	-	-
		28 500	-	-	28 500	-	-

EXERCISE XV (C)—No 3

THE WFLSH MANUFACTURING CO LTD

[illegible]

APPROPRIATION ACCOUNT				Cr		
Dr	£	s	d	£	s	d
To Dividend paid				By Balance 1st Jan		
.. Balance to Balance Sheet				Profit and Loss Account		
					2389	
					3995	
					£5613	

EXERCISE XV (C)—No 1 (contd.)

THE WELSH MANUFACTURING CO. LTD

Dr Profit and Loss Account for the year ended 31st December 19 . Cr

	£	£ s d	£ s d	By Trading Account b/d	£ s d	£ s d
To Rent, Rates, and Taxes			987			
" Repairs to Machinery			144			
" Salaries			3 400			
" Insurance	375					
" Less Amount paid in advance	94					
Discounts			242			
" General Expenses			448			
" Travelling and Exhibition Expenses			2 007			
" Bad Debts			918			
Depreciation—			542			
Fittings and Juxtures (10% of £650)	65					
Plant and Machinery (10% of £11 750)	1 175					
Premises (2% of £10 000)	200					
			1 440			
			3 225			
Balance, Nur Profit c/d					£ 13 683	
						£ 13 683

EXERCISE XV (C)—No 3 (cont'd)

THE WELSH MANUFACTURING CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
Nominal Capital— 60 000 Shares of £1 each	60 000						Premises	10 000					
Issued and Paid up Capital— 60 000 Shares of £1 each (12/ paid up)				36 000			Less Depreciation	200			9 800		
Reserve Fund				10 000			Plant and Machinery	11 750					
Ystwyth Banking Co (overdraft)				2 478			Less Depreciation	1 175			10 575		
Bills Payable				940			Fittings and Fixtures	650					
Sundry Creditors				2 870			Less Depreciation	65			885		
Profit and Loss Account—				3 813			Stocks—						
Balance available for distribution on							Materials	10 743					
							Finished Goods	19 430					
							Sunries	340			30 513		
							Sundry Debtors	4 300					
							Less Bad Debts Reserve	500			3 800		
							Bills Receivable				735		
							Insurance Paid in Advance				93		
											56 101		

COMMENTS UPON THE BALANCE SHEET ETC

- (1) It would appear that the Company is overtrading as the bank has been overdrawn
- (2) The item Finished Goods suggests the anticipations of trade too far ahead
- (3) The Bad Debts Reserve appears to be on too liberal a scale
- (4) A dividend could not be considered as there is no available cash
- (5) The item Wages being 28.15 per cent shows favourably in relation to turnover
- (6) The Company is not robust

THE POSTTORD MANUFACTURING CO., LTD

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.. Cr.

Dr	£	s	d	£	s	d	£	s	d
To Stock, 1st Jan				8 990	-	-	37 950	-	-
" Purchases				15 345	-	-	9 050	-	-
" Wages				13 671	-	-			
" Fuel				485	-	-			
" Balance Gross Profit				8 509	-	-			
				47 000	-	-	47 000	-	-
To Repairs	472								
Less } to be carried forward	236								
" Office Expenses				236	-	-			
" Discount				362	-	-			
" Salaries				83	-	-			
" Postages and Telegrams . . .				1,062	-	-			
" Rates and Taxes				116	-	-			
" Travelling Expenses				239	-	-			
" Interest and Bank Charges . .				317	-	-			
" Cost of New Catalogues (½ of £300)				402	-	-			
" Directors' Fees				100	-	-			
" Bad Debts Res (5% of £9,847)	492	7	-	300	-	-			
Less Old Reserve	250								
				242	7	-			
" Depreciation—									
Loose Tools (20% of £1,956)	371	4	-						
Boiler and Heating Plant	59	4	-						
(10% of £592)									
Plant and Machinery	565	8	-						
(10% of £5 654)				995	16	-			
" Balance, Net Profit				4 053	17	-			
				£8 509	-	-	£8 509	-	-

EXERCISE XV (C)—No. 5 (cont'd)

MARTIN HANSON & CO LTD
BALANCE SHEET AS AT 31ST DECEMBER, 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS.	
£	s d	£	s d
Nominal and Issued Capital—			
17,500 5% Preference Shares of £1 each, fully paid	13 500		
58,000 Ordinary Shares of £1 each, fully paid	58 000		
	£71,500	23,500	9 9
4½% Debenture Stock	19 500	81	9 9
Reserve Fund	6 100	4 400	—
Special Reserve Account	1,294	2 20	—
Loans	8,530	2 750	5
Sundry Creditors	3 963	208	—
Ordinary Share Dividend accrued	19 10	2 54 12	9
Profit and Loss Account—	2 900	2 9 9	12 9
Balance available for distribution	4 183	14	9 5
		2 40	—
		30	—
		3 200	—
		320	—
		2 880	—
		3,403	10
		28	4
		100	—
		200	—
		10	—
		11,612	5
		£700	
		£697	
		1 207	—
		207	—
		150	—
		6 99 10 10	—
		99 16 8	—
		0 693	7 6
		£114 471	5
		£114 471	5

EXERCISE XV (C)—No 6

(1) TRIAL BALANCE—(ITEMS ONLY)

Trading Account—

Stock (at commencement)	Manufacturing Expenses	Sales
Purchases	Returns Outward	Returns Inward
Carriage Inwards	Factory Rent	Power
Manufacturing Wages	Light etc	

Profit and Loss Account—

Carriage Outwards	Insurance	Stationery and Postages
Discounts Received	Advertising	Commission
Discounts Allowed	Lighting and Heating	Travelling
Office Salaries	Interest	Repairs
General Expenses	Depreciation	Bank Charges
Office Rent and Rates	Bad Debts	

Balance Sheet—

Cash	Patents	Sundry Credits
Bank	Motor Lorries	Sundry Debts
Bills Payable	Plant and Machinery	Capital
Bills Receivable	Land and Buildings	Drawings
Office Furniture	Goodwill	

Adjustments required at Balancing time—

- (1) Valuation of Stock in hand at close
- (2) Provision of Interest on Capital
- (3) Provision for Bad and Doubtful Debts by a Reserve therefor
- (4) Provision for—(a) Outstanding items as Rent due
(b) Unexpired items as Insurance prepaid

(2)

(a) *Single Account System*

The view of what is deemed profit under this system is gauged by the net increase in value of assets over liabilities for the financial year just closed. A realized surplus on any one particular asset may not be considered available for distribution to shareholders without reference to the general financial position of the concern.

(b) *Double Account System*

The view of what is deemed profit under this system is measured by the difference between income and expenditure as shown by the Revenue Account without reference to the depreciation (or it may be the appreciation of the fixed assets as shown in the Capital Account).

(c) *Third System*

When the Memorandum of Association provides power for its directors to invest capital in a wasting asset and exemption from providing means for the renewal of the same then the profit of the company available for distribution is the excess of the year's income over the year's expenses properly chargeable to revenue without provision for depreciation of fixed assets.

(d) *Fourth System*

Provision for losses of Capital (Fixed and Floating) are not necessarily to be included in the statement of profit before determining the profit of the company. It would seem that unless specifically provided for in the Memorandum or Articles of Association the profit of a company normally relates to the excess of income over expenses properly chargeable against revenue.

EXERCISE XV (C)—No 7

The method adopted to make the Bought and Sales Ledgers balance independently is by means of adjustment accounts, which accounts are clearly explained and illustrated in Advanced Accounts

To keep the position of the Bank Account from the Ledger clerks, it would be necessary to arrange for the Bank Account (total amounts of receipt and payments) to be kept in the Private Ledger

EXERCISE XV (C)—No 8

Dr		REALIZATION ACCOUNT						Cr	
19	To Sundry Assets " Cash (Expenses)	£	s	d	19	By Cash (including £300 for Goodwill)	£	s	d
		22 100	-	-		" Balance	21 800	-	-
		300	-	-		(Loss transferred to Profit and Loss A/c)	600	-	-
		£ 22,400	-	-			£ 22 400	-	-

Dr		CASH ACCOUNT						Cr	
19	To Realization A/c	£	s	d	19	By Realization A/c (Expenses)	£	s	d
		21 800	-	-		" Harrison	4 000	-	-
						" Sundry Creditors	4 200	-	-
						" L. Brier	10 500	-	-
						" C. Oke	2 710	-	-
		£ 21 800	-	-			£ 21 800	-	-

Dr		PROFIT AND LOSS ACCOUNT						Cr	
19	To Interest on L. Brier's Capital	£	s	d	19	By Balance	£	s	d
	" Loss on Realization	2 000	-	-			12 500	-	-
	" Balance Net Profit to Capital A/cs—	600	-	-					
	L. Brier	43 940	-	-					
	C. Oke	3 960	-	-					
		9 900	-	-					
		£ 12 500	-	-			£ 12 500	-	-

Dr		L. BRIER'S CAPITAL ACCOUNT						Cr	
19 Dec. 31	To Drawings A/c	£	s	d	19 Dec. 31	By Balance	£	s	d
" 31	" Cash	5 350	-	-		" Interest	2 000	-	-
		10,390	-	-		" Profit and Loss A/c	5 940	-	-
		£ 15 940	-	-			£ 15 940	-	-

EXERCISE XV (C)—No 8 (contd.)

Dr L BRIER'S DRAWINGS ACCOUNT Cr

19 Dec 3	To Balance	£	s	d	19 Dec 31	By Capital A/c	£	s	d
		5	3	0			5	3	0

Dr C OKF'S CAPITAL ACCOUNT Cr

19 Dec 31	To Drawings A/c	£	s	d	19 Dec 31	By Profit & Loss A/c	£	s	d
	Cash	1	2	50			3	5	0
		2	7	10					
		3	9	60			3	9	60

Dr C OKF'S DRAWINGS ACCOUNT Cr

19 Dec 3	To Balance	£	s	d	19 Dec 31	By Capital A/c	£	s	d
		1	2	50			1	2	50

EXERCISE XV (C)—No 9

JOURNAL ENTRIES FOR ADJUSTMENT

19	Suspense Account To W. Brown	£	s	d	£	s	d
		10	9		10	9	
	Sundry Debtors To Suspense Account	6	3	2	6	3	2
	Returns Inwards To R. Carr	27	10		27	10	
	Bradart Freres To Bank	220			220		
		£264	2	2	£264	2	2

EXERCISE XV (C)—No 10

See *Advanced Accounts* pages 18 and 19 (under Loose leaf and Card Ledger)

THE MOTOR MANUFACTURING CO., LTD

TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..

Cr.

Dr	£		s		d		By Sales " Stock, 31st Dec.	£	s	d.
To Stock 1st Jan . . .	.	.	18 750	-	-	.	By Sales	122,000	-	-
Purchases . . .	.	.	62 100	-	-	.	" Stock, 31st Dec.	10,087	-	-
" Manufacturing Wages . . .	.	.	30 000	-	-	.				
" Coal . . .	.	.	2 225	-	-	.				
" Royalties . . .	.	.	450	-	-	.				
" Balance Gross Profit . . .	.	.	18 562	-	-	.				
			£132 087	-	-			£132 087	-	-

THE MOTOR MANUFACTURING CO. LTD.

BALANCE SHEET FOR THE YEAR END'D 31st DECEMBER, 19..

CAPITAL AND LIABILITIES		£		s	d	£	s	d	PROPERTY AND ASSETS		£	s	d	£	s	d
<i>Nominal Capital—</i>		80,000							Freehold Premises		20,000			18,000		
80,000 Shares of £1 each									Plant and Machinery		1,500					
<i>Subscribed Capital—</i>									Less Depreciation		6 7 1/2			18,500		
60,000 Shares of £1 each fully called		60,000							Office Furniture							
Less Calls in Arrear		1,000							Less Depreciation		46 17 6					
Debentures 5%						50,000			Patterns		6,250			578		2 6
Sinking Fund Account for Redemption of Debentures						20,000			Less Depreciation		468 15					
Add Transfer from Profit and Loss Account		8,000							Patents		3,750			5,781		5
" Interest on £8,000 @ 3 1/2%		2,000							Less Depreciation		281 5					
Bills Payable								10,280	Goodwill					3,468		1 1/2
Sundry Creditors						15,500			Stock					12,000		
Profit and Loss Account—						16,800			Sundry Debtors		97,500			10,087		
Balance available for Distribution									Less Reserve for Bad Debts		1,875			35,625		
						5,800			Investments (on account of Sinking Fund, etc., as per contra)		8,000					
									Add Interest Accrued		280			8,280		
									Cash on Deposit at Bank		12,000					
									Cash Current Account at Bank		3,600					
									Cash in hand		150			15,150		
														£127,470		2 6

EXERCISE XV (C)—No 12

LEDGER

P's CAPITAL ACCOUNT
(Credit Side)P's DRAWINGS ACCOUNT
(Credit Side)

19				19			
Mar 31				Mar 31			
Sept 30				Sept 30			
	By Balance	£	s		By Balance	£	s
	Interest	6 500			Proportion of Profit	750	
	(5% for 2 mos.)	54	3		Due	250	
			4		($\frac{1}{2}$ of £750)		
				30	" Interest	6	6
					(5% for 2 mos on	8	8
					£1 000)		

EXERCISE XV (C)—No 13

JOURNAL

OPENING ENTRIES

19		£	s	d	£	s	d
Jan 1		2 000					
	Leasehold Premises	450					
	Fittings etc	4 600					
	Stock	800					
	Book Debts	50					
	Cash						
	To Sundry Creditors				1 500		
	Bank Overdraft				2 950		
	As Capital				3 480		
		17 930			17 930		
	Cash	4 000					
	To B's Capital Account				3 000		
	As Capital Account (For premium paid by B for share of goodwill)				1 000		



EXERCISE XV (C)—No 14.

JOURNAL OF MESSRS AMBROSE & CO (New)

19		£	s	d	£	s	d
Jan	1	Business Purchase Account To Vendors' Account For purchase of business as per agreement dated 1st Jan	37,500	-	-	37,500	-
"	1	Sundry Debtors	6,000	-	-		
		Bills Receivable	600	-	-		
		Land and Buildings	10,000	-	-		
		Plant and Machinery	7,000	-	-		
		Horses and Vehicles	500	-	-		
		Stock	8,000	-	-		
		Work in Progress	2,000	-	-		
		Goodwill	11,000	-	-	45,100	-
		To Business Purchase Account Sundry Assets acquired as per agreement dated 1st Jan					
"	1	Business Purchase Account To Sundry Creditors	7,600	-	-	5,000	-
		Bad Debts Reserve			100	-	-
		Bills Payable			2,500	-	-
		Sundry Liabilities as per agree- ment					
		Vendors' Account To Share Capital Account	37,500	-	-	32,500	-
		Cash			5,000	-	-
		32,500 shares allotted and balance in cash as payment of purchase price of business					
		Sundry Shareholders To Share Capital Account	10,000	-	-	10,000	-
		For issue of 10,000 shares of £1 each					
		Cash	10,000	-	-	10,000	-
		To Sundry Shareholders For sums received					
			£147,700	-	-	£147,700	-

EXERCISE XV (C)—No 14 (contd.)

MESSRS AMBROSE & Co, LTD

BALANCE SHEET AS AT 31ST JANUARY 19

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
	£	s	d		£	s	d
Nominal Capital— 50 000 Shares of £1 each	50 000	—	—	Land & Buildings Plant & Machinery Horses & Vehicles Goodwill Stock Work in Progress Sundry Debtors Less Bad Debts Reserve	6 000	—	10 000 7 000 500 11 000 8 000 2 000 — — —
Issued Capital — 42 500 Shares of £1 each fully pd	42 500	—	—	Bills Receivable Bank	—	—	5 900 800 5 000
Bills Payable	2 500	—	—		—	—	—
Sundry Creditors	5 000	—	—		—	—	—
	£ 50 000	—	—		£ 50 000	—	—

EXERCISE XV (C)—No 1, JOURNAL

19		£	s	d	£	s	d
	Business Purchase Account To Vendor's Account	80 000	—	—	80 000	—	—
	Land and Buildings	35 000	—	—			
	Stock etc	15 000	—	—			
	Machinery and Plant	20 000	—	—			
	Goodwill	10 000	—	—	80 000	—	—
	To Business Purchase Account						
	Vendors Account To Share Capital Account For 10 000 shares issued to him as part payment	10 000	—	—	10 000	—	—
	Application A/c (2/6 per share)	12 500	—	—			
	Allotment A/c (2/6 per share)	12 500	—	—			
	First Call (5/- per share)	25 000	—	—			
	Final Call (10/- per share)	50 000	—	—	100 000	—	—
	To Share Capital A/c						
	Application A/c To Allotment A/c For transfer of 10 000 2/6's over subscribed	1 250	—	—	1 250	—	—
	Cash A/c To Application A/c	97 000	—	—	13 750	—	—
	To Allotment A/c				11 250	—	—
	First Call				24 000	—	—
	Final Call				48 000	—	—
		£368 250	—	—	£368 250	—	—

Calls in arrears would appear in the Balance Sheet as a deduction from Issued Capital

THE SILVER ORE CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 1ST APRIL, 19

		f	s	d		f	s	d
To Wages of Miners . . . . .	.	6	900	-	By Sales of Silver	17	000	-
" Royalties . . . . .	.	1	000	-	Sales of Coal	950	-	-
" Coal . . . . .	.	.450	-	-	Stock (Silver) 1st April	1,500	-	-
" Oil . . . . .	.	.200	-	-				
" Balance, Gross Profit c/d	.	10	900	-				
		£	19	450		£	19	450

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 1ST APRIL, 19

	£	s	d	£	s	d	£	s	d	£	s	d
To Repairs to Plant	-	-	-	-	-	-	90	-	-	-	-	-
" Advertising	-	-	-	-	-	-	500	-	-	-	-	-
" Legal Expenses	-	-	-	-	-	-	100	-	-	-	-	-
" Salaries	-	-	-	-	-	-	2 000	-	-	-	-	-
" Directors' Fees	-	-	-	-	-	-	700	-	-	-	-	-
" Expenses of Promotion (£ of £300)	-	-	-	-	-	-	200	-	-	-	-	-
" Depreciation—	-	-	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	-	-	-	600	-	-	-	-	-	-	-	-
(15% of £4 000)	-	-	-	-	-	-	-	-	-	-	-	-
Light Railway (15% of £1,200)	-	-	-	180	-	-	-	-	-	-	-	-
Wagons (loss on re-valuation)	-	-	-	100	-	-	-	-	-	-	-	-
Loose Tools (loss on re-valuation)	-	-	-	140	-	-	-	-	-	-	-	-
" Balance, Net Profit to Appropriation Account	-	-	-	-	-	-	1 020	-	-	-	-	-
	-	-	-	-	-	-	7,066	15	-	-	-	-
	-	-	-	-	-	-	£ 11 676	15	-	-	-	-

EXERCISE XV (C) No 16 (cont'd)

THE SILVER ORL CO LTD

BALANCE SHEET AS AT 1st April 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	sh	£	sh
New Paid Capital 30,000 5% Preference Shares of £1 each 30,000 Ordinary Shares of £1 each £ 60,000		Ln d Cr hing Plant and Machinery Add Carriage above 4,000 180 4,180	
Issued Capital 21,000 5% Preference Shares of £1 each fully paid 30,000 Ordinary Shares of £1 each fully paid £ 51,000		Ln d Light Railway Less Depreciation 1,200 180 1,020	
Profit & Loss Account Preference Share Dividend accrued Income Tax If Profit and Loss A/c Balance available for distribution		Ln d Wagons Cost of Sinking M Freight on of Shed Office Furniture Loose Tools Stock of Silver 2,000 Shares in Ross & Co. Mines Cash on Deposit (including interest accrued) Cash at Bank Change in hand Expenses of Promotion Less Depreciation 500 75 547 10 27 9 4 590 17 6 8,100 8,960 10,550 83 1 10 400	
£ 58,519 16 10		£ 58,519 16 10	

10

APPROPRIATION ACCOUNT

1

	£	s	d	£	s	d	By Profit and Loss Account (Current year's profit)	£	s	d
To Interim Dividend on Preference Shares paid 2nd Oct 1933 Tax	321	18	2					7	066	15
, Income Tax on above	27	9	4							
Preference Share Dividend accrued				549	7	6				
Balance to Balance Sheet				547	10					
				5963	17	6		7	066	15
								7	066	15

THE "WEEKLY BANNER" LTD
REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 19.

[illegible]

EXERCISE XV (D) — No 1

THE LOAMSHIRE MANUFACTURING CO., LTD

Dr. MANUFACTURING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19.. Cr.

[illegible]

EXERCISE XV (D)—No 2

JOHN STEPHENS & CO. LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 .

[illegible]

APPROPRIATION ACCOUNT

	£	s	d	£	s	d
To Interim Dividend paid 1st Oct (less Tax)	1 073	4	9			
" Dividend for Final Quarter to 31st Dec	375	-	8			
" Balance to Balance Sheet .	1 600	9				
	3 048	18	5	3 048	18	5

JOHN STEPHENS & CO LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19 .

Dr

Cr

	£	s	d	£	s	d	£	s	d
To Interest	190	16	8	408	-	-	16	515	-
Interest on Mortgage to 30th June	200	-	-					102	9
Add Interest due to 31st Dec								1	12
Directors' Fees				390	16	8			8
Management and Office Salaries				1 530	-	-			-
Ch of Rents				12	4	8			6
Trade Expenses				6 772	6	2			6
Depreciation--									
Office Furniture (7½% of £412½)	30	18	9						
Patents (½% of £3 000)	250	-	-						
Plant and Machinery	1 733	16	-						
(6% of £28 896/14/)									
Land and Buildings	440	-	-						
(2½% of £17 600)									
Goodwill (10% of £10 526/5/4)	1 052	12	6						
Formation Expenses	599	9	6						
(2½% of £2 397/18/2)									
Balance Brought Forward				4 106	16	9			
				3 048	18	3			
				16 619	2	8			
							£	16 619	2 8

EXERCISE XV (D)--No. 3

JOHN BOJTON & CO LTD

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

[illegible]

APPROPRIATION ACCOUNT

[illegible]

EXERCISE XV (D) — No 4

THE YORKSHIRE TWINED CO LTD

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr

	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Jan												
Materials Consumed				3 19	4	6				32 106	14	5
Dyeing and Finishing				18 469	15	7				3 699	19	7
Carnage				1 216	3	6						
Wages				539	1	10						
Motive Power				8 437	16	4						
Balance Gross Profit c/d				691	7	5						
				2 939	4	2						
				£ 15 806	14	-				£ 35 806	14	-

EXERCISE XV (D)—No 4 (contd.)

THE YORKSHIRE TWINED CO. LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19

Dr

	£	s	d	£	s	d	£	s	d	£	s	d
To Mechanics and Joiners' Wages	108	12	4	142	1	0				251	13	4
" Trade Expenses	7	10								571	10	9
" Less Amount for Telephone										240	10	8
" Rates, Gas, and Insurance	20	0	1	168	7	4						
" Add Retaining												
	219	0	0									
	20											
Less Insurance unexpired												
" Repairs												
" Depreciation Interest to 30th June	40			193	0	8						
" Add Amount due to 31st Dec	40			176	14	2						
" Commission				80								
" Share's Charges				519	11	8						
" Dividends Allowed				42	11	1						
" Dividend Reserve on Debentures				511	15	8						
" (1% of £1,000,000 less £200)				174								
" Balance b/d 1st Jan 1909 less £200				81	10	9						
Depreciation												
Buildings, etc. (25% of £200)	225											
Engines and Boilers, etc. (10% of £500)	50											
Machinery (21% of £2,000)	420											
Depreciation												
Carriage, etc. (25% of £500 for 1 yr)	125											
Machinery (21% of £200 for 1 yr)	42											
	575											
	45											
	829	7	6									
				£355								

APPROPRIATION ACCOUNT

	£	s	d	£	s	d	£	s	d	£	s	d
To Balance, 1st Jan												
" Interim Dividend paid to 30th June	80			£20	11	2						
" Dividend provided to 31st Dec	90											
" Dividend provided to 31st Dec				190								
" Dividend provided to 31st Dec				82	16	0						
" Dividend provided to 31st Dec				545	17	7						
				£829	7	6						

EXERCISE XV (D) No 4 (contd)

THE YORKSHIRE TWEED CO LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£	s	d	£	s	d	PROPERTY AND ASSETS	£	s	d	£	s	d
<i>Nominal Capital—</i>							Freehold Mills				3 000		
5 000 6% Cumulative Preference				5 000			Machinery	4 000					
Shares of £1 each				5 000			Additions during year	200					
5 000 Ordinary Shares of £1 each							Less Depreciat on	4 200					
				£ 10 000			Engines, Boilers and Shifting	307	10		3 892	10	
<i>Issued Capital—</i>							Less Depreciation	500					
3 000 6% Cumulative Preference				3 000			Cards Bobbins Shuttles etc	50			450		
Shares of £1 each fully paid							Additions during year	900					
4 119 Ordinary Shares of £1 each				4 119			Less Depreciation	300					
fully paid							Stock	1 200					
				7 119			Sundry Debtors	262	10		937	10	
4% First Mortgage Debentures				2 000			Less Bad Debts Reserve				3 699	19	7
Mortgage Debenture Interest accrued				40			Discount Reserve	6 000		9			
Bank Overdraft				988		6	Cash in hand	374			5 626		9
Bills Payable	4 810	9	10	2 220			<i>Prepaid Items—</i>				32	11	9
Sundry Creditors	240	10	6				Telephone Rent				7	10	
Less Discount Reserve							Fire Insurance				20		
Preference Share Dividend accrued				4 569	19	4							
Rates owing				90									
Managing Director's Bonus				10									
<i>Profit and Loss Account—</i>				82	18	9							
Balance available for distribution				540		7					27	10	
				£ 17 666		2					£ 17 666		2
						1							1

EXERCISE XV (D)—No. 5

THE OIL AND GAS MOTOR CO. LTD.

THE OIL AND GAS MOLDER CO. LTD.
 THE YEAR ENDED 31ST DECEMBER, 19..

5

EXERCISE XV (D)—No. 5		TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19...	
Dr		£	s d
To Stock, 1st Jan		9,000	-
Purchases		19,000	-
Wages (Manufacturing)		11,800	-
Royalties		200	-
Erecting and Fitting Car.		2,400	-
Coal, Coke Gas and Water		450	-
Loose Tools, 1st Jan		2,500	-
Balance, Gross Profit c/d		6,450	-
		£ 51,800	-
To Repairs, Renewal and Maintenance		800	-
Printing, Advertising & Stationery		250	-
Traveling and Commission		1,400	-
General Expenses		450	-
Directors' Fees		100	-
Interest on Debentures		900	-
Bank Interest and Commission		70	-
Legal and Accountancy Charges		150	-
Rent Rates, Taxes & Insurance		260	-
Bad Debts Reserve etc		630	-
Less Old Reserve		200	-
		430	-
Depreciation—			
Office Furniture (5% of £400)		20	-
Patents (10% of £1,000)		100	-
Patterns (10% of £3,300)		330	-
Machinery and Plant		440	-
(5% of £8,800)		150	-
Land and Buildings		1,040	-
(3% of £5,000)		600	-
Balance Net Profit		16,450	-
		£ 6,450	-
By Sales		40,000	-
Stock at 31st Dec		9,500	-
Loose Tools		2,300	-
		0	-
		£ 51,800	-
By Trading Account b/d		6,450	-
		£ 6,450	-

EXERCISE XV (D)—No 5 (cont'd)

THE OIL AND GAS MOTOR CO. LTD

BALANCE SHEET AS AT 31ST DECEMBER 19

[illegible]

EXERCISE XV (D) - No 6

Dr.

A & B's JOINT VENTURE ACCOUNT

Cr

Due Date	Particulars	Days	Pro- ducts	Amount	Due Date	Particulars	Days	Pro- ducts	Amount
19 Jan 30	To Dock Dues	A 178	£ 1 780	£ 10	19 Feb 1	By Currents	B 149	£ 69,732	£ 468
" 30	" Salmon	A 151	27 180	180		(2½% of £12)			
Feb 2	" Currents	B 148	58 804	398	7 Mar 7	" Salmon	A 115	11,385	98 15
	(5% of £113/4)					(1¼% at £1/5/-)			
Apr 2	" Freight	B 89	445	5		" Almonds	A 70	5 460	78
" 6	" Railway Dues	B 85	340	4		" Eggs	B 60	5,700	95
Mar 17	" Almonds	A 1	200	-		" Salmon	A 58	1,740	30
Apr 1	" Eggs	B 1	100	-		" Almonds	A 46	4,140	90
June 30	Bal of Products		9,508	-		" Salmon	A 4	40	40
						" Almonds	A	35	35
" 30	Balance c/d		98 157	38 14 4		" Int (7.00% × 1/2)		98,157	1 6
				£ 936 1					£ 936 1
" 30	fo A's Share of Profit on Venture			19 7 2	30	By Balance b/d			38 14 4
" 30	" B's Share of Profit on Venture			19 7 2					
				£ 38 14 4					£ 38 14 4

EXERCISE XV (D)—No 6 (contd.)

JOINT VENTURE IN B'S BOOKS

Cr

Dr

Due Date	Particulars	Days	Pro-ducts	Amount	Due Date	Particulars	Days	Pro-ducts	Amount
19 Feb	To Currents	148	£ 58 904	£ 398	19 Feb	By Currents	149	£ 69 732	£ 469
22 Apr	1 freight	89	445	5	1 May	" Figs	60	5,700	95
6 Apr	Railway Dues	85	340	4	30 June	" Balance of Interest			2
1 June	Figs			100					3
30 June	Balance of Products		15 743						1
30 "	Share of Profit on Venture			19 7 2					
30 "	Balance Due to A			38 9 3					
			£ 75 492	£ 565			£ 75,492		£ 565
				3 1					3 1

EXERCISE XV (D)—No 7

The manufacturer's LEDGER should be divided into four main divisions
i.e.—

- | | |
|----------------------------|-------------|
| (1) Purchases of CREDITORS | (3) General |
| (2) Sales of DEBTORS | (4) Private |

In order to separately agree Personal Accounts it would be necessary to introduce Adjustment Accounts for each of the Personal Ledgers

It will greatly facilitate the compilation of the Adjustment Accounts if the subsidiary books are appropriately analysed as is the Bank Cash Book illustrated on pages 290 and 291 of *Advanced Accounts*

EXERCISE XV (D)—No 8

- (1) $\frac{£ 333 \frac{3}{4}}{£1333 \frac{3}{4}} \times \frac{100}{1}$ gives 25% Gross Profit
- (2) $\frac{£195 \frac{825}{100}}{£783 \frac{300}{100}} \times \frac{100}{1}$ gives 25% Gross Profit.

EXERCISE XV (D)—No 9

SYSTEM OF BOOK KEEPING FOR MANUFACTURER

The manufacturer would require the books enumerated below—

- | | |
|------------------------------|--------------------------------|
| (a) Purchases | (g) Petty Cash Book (analysis) |
| (b) Sales | (h) Bank Cash Book |
| (c) Purchases Ledger | (i) Bills Payable Book |
| (d) Sales Ledger | (j) General Ledger |
| (e) Wages Book | (k) Journal |
| (f) Expenses Book (analysis) | (l) Bills Receivable |

The manufacturer must exercise sedulous care that the posting from the subsidiary books shall conform to the double entry principle of a DEBIT entry being offset by a CREDIT entry for equivalent values

It would be necessary when indorsing a bill of exchange to make a journal entry as follows—

Customer	Dr
To Bills Receivable	Cr

EXERCISE XV (D -- No 11)

REALIZATION ACCOUNT

REALIZATION ACCOUNT									
Dr		Cr							
19	To Sundry Assets Cash (Expenses)								
				16 000					
				470					
						</			

CASH ACCOUNT

CASH ACCOUNT				Cr
Dr		£	s	d
19	To Balance Realization	1 000	-	-
	" " s Capital Account	2 580	-	-
		342	10	-
		<u>£ 3 922</u>	10	-
				£ 3 922 10

EXERCISE XV (D)--No II (cont'd)

A's CAPITAL ACCOUNT

EXERCISE XV (D)--No 11 (cont'd)		A's CAPITAL ACCOUNT				Cr	
Dr		£	s	d	£	s	d
19..	To Freehold	10	000	-	By Balance	9	000
	.. Share of Loss on				.. Share of Reserve	900	-
	.. Realization	2	24	10	.. Loan Account	2,000	-
					.. Cash	342	10
		£	12	242	10	-	-
					£	12,242	10

B & CAPITAL ACCOUNT

B's CAPITAL ACCOUNT					
	<i>Dr</i>				<i>Cr</i>
19	To Stock " Share of Loss on Realization . " Cash		19.		
		£	s	d.	
		500	-	-	3 000
		747	10	-	300
		1 652	10	-	
		£3 300	-	-	£3,300

EXERCISE XV (D) - No 12

A TRADING ACCOUNT deals with purchasing and manufacturing expenses.

A **TRADING ACCOUNT** deals with purchasing and manufacturing expenses. A **PROFIT AND LOSS ACCOUNT** deals with selling, distribution, and administration expenses.

COMPOSITION OF ITEMS IN ACCOUNTS

TRADING		PROFIT AND LOSS	
Purchases	Returns	Depreciation	Commission
Carriage and Freight	Packages	Debiture Interest	Advertising
Wages	Fuel	Allowances	Discounts
Stocks on hand	Sales (being Turnover)	Bad Debts	Directors' Fees

All deal with expenses of manufacture or are directly related to Trading

All are expenses of selling distribution or administration

All deal with expenses of manufacture or are directly related to Trading

All are expenses of selling distribution or administration

EXERCISE XV (D)—No 14

JOURNAL

19 .		£	s	d	£	s	d
	Business Purchase Account To Vendors For purchase price of business	40 000			40 000		
	Vendor's Account To Share Capital Account For issue of 4 000 shares of £10 each as fully paid to vendors as payment of purchase price of business	40 000			40 000		
	Property Account To Share Capital For issue of 2 000 shares of £10 as fully paid to sundry persons for purchases of property	20 000			20 000		
	Sundry Shareholders/or Calls A/c To Share Capital For £5 called up on 8 000 shares	40 000			40 000		
	Share Capital Account To Forfeited Shares Account Calls Account For 750 shares of £10 each having been called forfeited for non payment of sums due there on as per Resolution No	3 750			2 000 1 750		
		£143 750			£143 750		

CASH BOOK
(DEBIT SIDE)

		Details			Bank		
19		£	s	d	£	s	d
	To Calls Account as under—						
	6 000 @ £5 per share	30 000					
	1 250 @ £4 per share	5 000					
	500 @ £3 per share	1 500					
	250 @ £2 per share	500					
					37 000		
					£37 000		

✓ EXERCISE XV (D)—No 15

JOURNAL OF THE RICHMOND CO LTD

19		£	s	d	£	s	d
	Application Account	25 000	—	—			
	Allotment Account	25 000	—	—			
	First Call Account	25 000	—	—			
	Final Call Account	25 000	—	—			
	To Share Capital Account				100 000	—	—
	£1 per share on 100 000 shares fully called by four equal instalments of 5/ each						
Jan	Bank Account	99 150	—	—			
	To Application Account				25 000	—	—
	Allotment Account				25 000	—	—
	First Call Account				25 000	—	—
	Final Call Account				24 750	—	—
	Sums received from shareholders						
Feb 12	Share Capital Account	1 000	—	—			
	To Forfeited Shares Account				750	—	—
	Final Call Account				250	—	—
	1 000 shares of £1 each forfeited for non payment of Final Call as per Resolution No						
May 1	Capt Hayward	500	—	—			
	Forfeited Shares Account	500	—	—			
	To Share Capital Account				1 000	—	—
	Re issue of 1 000 shares of £1 each at par in consideration of £500 as per Resolution No						
	Bank Account	500	—	—			
	To Capt Hayward				500	—	—
	Sum received on re issue of forfeited shares						
		£202 250			£202 250		

EXERCISE XV (D)—No 16

JOURNAL OF THE BLAKEWELL MANUFACTURING CO. LTD

19		£			£		
		£	s	d	£	s	d
	Debenture Discount Account . . .	500	-	-			
	Debenture Holders . . .	9 500	-	-	10 000	-	-
	To Debentures						
	For the issue of £10 000 worth of						
	debentures at a discount of 5%						
	Cost of Issue of Debentures . . .	250	-	-			
	To Underwriters . . .				250	-	-
	2½% of issue of debentures.						
		£ 10 250	-	-	10 250	-	-

CASH BOOK

(DEBIT SIDE)

	Bank		
	£	s	d
To Debenture Holders	9 500	-	-

THE BLAKEWELL MANUFACTURING CO., LTD

BALANCE SHEET

LIABILITIES				ASSETS			
Debentures	£	s	d	Cash at Bank	£	s	d
Underwriters Account	10 000	-	-	Cost of Issue of Debentures	9 500	-	-
	250	-	-		750	-	-
	£ 10 250	-	-		£ 10 250	-	-

Note — The underwriting costs may have been paid in which case only "Debentures £10 000" would appear on the Liabilities side the Assets side would show "Bank £9 250 and Cost of Issue of Debentures £750."

EXERCISE XV (D)—No 17

THE GOLDEN HILL CO LTD

PROFIT AND LOSS APPROPRIATION ACCOUNT
1ST FEBRUARY 19

PROFIT AND LOSS APPROPRIATION ACCOUNT									
Dr					Cr				
1st FEBRUARY 19									
To Reserve Fund	£	3 600	s	d	By Profit and Loss Account	£	18 000	s	d
Preference Share Dividend		5 000							
Ordinary Share Dividend		7 500							
Balance c/d		1 900							
	£	18 000				£	18 000		

Dr DIVIDEND ACCOUNT (1ST FEBRUARY 19) Cr

To Preference Shareholders	£	3 750	s	d	By Profit and Loss Appropriation Account	£	12 500	s	d
Ordinary Shareholders		7 500							
Income Tax		1 250							
	£	12 500				£	12 500		

Dr INCOME TAX ACCOUNT Cr

				19 Feb 1	By Dividend Account	£	1 250	s	d
--	--	--	--	----------	---------------------	---	-------	---	---

Dr RESERVE FUND ACCOUNT Cr

				19 Feb 1	By Profit and Loss Appropriation A/c	£	3 000	s	d
--	--	--	--	----------	--------------------------------------	---	-------	---	---

EXERCISE XV (D)—No 18

Profits prior to incorporation may be ascertained by—

- (a) Stock taking or
(b) On the basis of the First Year's Trading

When such profit has been ascertained the portion to capitalize (being profit prior to incorporation) is calculated according to what fraction the time or turnover up to date of incorporation is of the full year or total turnover of the year as the case may be

The £8 000 profit will be apportioned as follows—

- (a) On Basis of Time

As the period to 30th April is 4 months and the period to 30th June is 6 months the portion of profit to capitalize will be four sixths of £8 000 = £5 333 6s 8d

- (b) On Basis of Turnover

As one half of the turnover was received up to the date of incorporation then one half of £8 000 = £4 000 will be capitalized

EXERCISE XV (D)—No. 19

MISSRS BROWNSON & CO LTD

[illegible]

MESSRS BROWNSON & CO LTD

APPROPRIATION ACCOUNT

Dr

	£	s	d	£	s	d	£	s	d
To Interim Dividend				750	0		100		
Balance to Balance Sheet				1 003	0		1 653		8
				£1 753	8		£1 753		8

Cr

BALANCE SHEET AS AT 31ST MARCH 19

	£	s	d	£	s	d	£	s	d
CAPITAL AND LIABILITIES									
<i>Nominal Capital—</i>									
8 000 Shares of £1 each	8 000						1 286	60	
<i>Issued Capital—</i>									
7 920 Shares of £1 each 15/- paid up				5 940					1 226
Forfeited Shares Account				10					478
Reserve Fund Account				500					412
Bank Overdraft	900						3 172		2 456
Add Interest accrued thereon	38						158	12	
<i>Bills Payable</i>				936					3 013
Sundry Creditors				1 000					1 488
<i>Outstanding Items—</i>				2 079					95
Wages	50						500		
Rates	50						100		
<i>Profit and Loss Account—</i>									
Balance available for distribution				100					400
				1 003	8				
				£11 568	8				£11 568
									8

EXERCISE XV (D)---No 20.

o 20.
INCOME AND EXPENDITURE ACCOUNT OF A CHARITABLE SOCIETY
FOR THE YEAR ENDED 31ST DECEMBER, 19--

40

5

	f	s	d.	f	s	d.
To Wages	1,862	-	-	By Subscriptions	2,070	-
Rates, Heat, and Light	205	-	-	Dividends	42	-
Committee Expenses	10	-	-	Income-tax Reclaimed	17	-
" Secretary's Expenses	47	-	-	Profit on Realization of Investments	206	-
" Depreciation of Furnishings	27	-	-			
Excess of Income over Expenditure for the Year	184	-	-			
	<u>£2,335</u>	-	-		<u>(£2,335)</u>	-

ANNUAL SHEET OF A CHARITABLE SOCIETY
AS AT 31st DECEMBER, 19

	LIABILITIES				ASSETS					
	£	s d	£	s d	£	s d	£	s d	£	s d
Secretary & expenses owing	120	-								
Balance due on Building Contract	120	-								
Subscriptions paid in advance										
Building F and Contributions										
Accumulated Fund at 1st January 19	983	-								
Add Surplus of Income over expenditure for the Year	784	-								
					1,167	-			£2,067	-
					£2,067	-				

EXERCISE XV (D)—No. 21

BALANCE SHEET OF Y Z & CO LTD

As AT 31st October 1939

CAPITAL AND LIABILITIES	£	£	Assets	£	£
Nominal Capital— 400,000 Ordinary Shares of 10s each 100,000 7 per cent 1 reference Shares of £1 each		400,000 100,000 <u>£500,000</u>	Freehold Premises at cost / as appreciation Plant and Machinery at cost less depreciation Vans Horses and Lorries at cost less depreciation Stocks— London Birmingham	89,000 61,750 3,847 29,172 6,512	J5,684
Issued Capital— 240,000 Ordinary Shares of 10s each, fully paid 10,000 7 per cent 1 reference Shares of £1 each £1 a share on bid up Less Calls in Arrear		240,000 140 30,000	Sundry Debtors— London less Reserve for Bad Debts	12,345 400 <u>11,945</u>	
Share Premium, 8 per cent Debentures Sundry Creditors— London Birmingham		20,800 12,000 40,000 4,398 3,194	Birmingham less Reserve for Bad Debts	9,615 250 <u>9,365</u>	11,310
Expenses accrued— London Birmingham		1,947 422	Expenses paid in advance— London Birmingham	309 146	455
Staff Pensions Fund Profit and Loss Account 31st October 1938 Add profit for year— London Birmingham		2,369 5,340 8,157 7,334 4,218	Cash and Bank Balances— London Birmingham Cash in Transit	8,757 2,717 2,000	13,474 5,340 4,000
Less Dividends paid		10,709 9,800	Staff Pensions Fund Investments at cost Deduction on Debentures		£227,490
		<u>£227,500</u>			

LONDON JOURNAL		BIRMINGHAM JOURNAL	
Birmingham Current Account To Plant and Machinery	£ 850	Depreciation of Plant and Machinery To London Current Account	£ 850
Depreciation on plant and machinery at Birmingham		Depreciation on plant and machinery at Birmingham	850

EXERCISE XV (D)—No. 22.

MACHINERY ACCOUNT

		Dr		Cr	
		£	s d	£	s d
1935 Jan 1	To Cost of Machinery	2,000	- -		

POLICY ACCOUNT

		Dr		Cr	
		£	s d	£	s d
1935 Jan 1	To Bank—Premium	200	- -	By Machinery Redemption Account Balance carried down	150 - 50 -
1936 Jan 1	To Balance brought down Bank—Premium	50 200	- -	By Machinery Redemption Account Balance carried down	70 - 180 -
1937 Jan 1	To Balance brought down Bank—Premium	180 250	- -	By Machinery Redemption Account Balance carried down	60 - 320 -
1938 Jan 1	To Balance brought down	320	- -		

MACHINERY REDEMPTION ACCOUNT

		Dr		Cr	
		£	s d	£	s d
1935 Dec 31	To Policy Account to reduce it to surrender value Balance carried down	150 50	- -	By Profit and Loss Account	200 -
1936 Dec 31	To Policy Account to reduce it to surrender value Balance carried down	70 180	- -	By Balance brought down Profit and Loss Account	50 - 230 -
1937 Dec 31	To Policy Account to reduce it to surrender value Balance carried down	60 320	- -	By Balance, brought down Profit and Loss Account	180 - 200 -
1938 Jan 1				By Balance brought down	320 -

EXERCISE XV (D)—No 23

AVERAGE DUE DATE			Products	
£			£	£
400	due 30th June			
440	73 days before 30th June		32 120	
250	37		9 250	
			<hr/>	41 370
700	18	beyond		12 600
<hr/>				<hr/>
£1 790	(28 770	1 790 gives 16 days)		£28 770
				<hr/>

Average due date = 30th June - 16 days = 14th June

Amount due to be paid £1 790

EXERCISE XV (D)—No 24

(a) See under Partnership Deed page 379 of *Advanced Accounts*

See under Goodwill pages 383 to 386 (inclusive) of *Advanced Accounts*

b) Goodwill is an intangible asset and rarely the fictitious asset it is so often labelled. Its value consists in the profit earning capacity represented by family trade taken over i.e. the customers on the books of the business when purchased. Goodwill is also vested in trade marks trade names and local conditions favourable to the business that has changed hands. In fact Goodwill cannot easily be defined as any one particular advantage yielded by the business purchased but its value is determinable and once created is hard to contest.

GENERAL LEDGER ADJUSTMENT ACCOUNT (SALES LEDGER)

SAL'S LEDGER ADJUSTMENT ACCOUNT (GENERAL LEDGER)

512

EXERCISE XV (D).—No 26

THE SIMPLEX MANUFACTURING CO

THE SIMPLEX MANUFACTURING CO.

	£	s	d	£	s	d	By Sales Stock 31st Dec	£	s	d		£	s	d
To Stock 1st Jan	22	7	3	14	8			5	27	15	10			
Purchases	75													
Less Transfer to Pl ^t etc								22	6	78	14	8		
" Productive Wages								7	52	12	9			
Less Transfer to Plant et								4	5	16	9			
Carriage and Freight								5	2	19	7			
Coal C ^s and Water								8	26	14	5			
Balances Gross Profit c/d								44	728	15				
								1	0	13	10	6		
To Wages (non productive)								1	9	5	14	8		
Doubts Allowed								2	8	2	12	8		
Sundry Trade Expenses								4	7	2	16	9		
Ground Rent Rates and Taxes								8	9	17	1			
Coal Gas and Water								5	4	13	9			
Bank Charges								6	3	18	10			
Repairs to Plant								4	9	3	12	7		
Doubt Reserve (5% of £9 872/12/6)								1	5	2	12	9		
Less Old Reserve								3	4	0	19	10		
" Depreciation—														
Plant etc (1st Jan) 5% of (£9 012/11/8)								4	0	0	12	7		
Plant etc (add'l ans) 25% of £42/17/4								1	1	0	14	4		
Furniture and Fittings (5% of £873/14/6)								4	3	13	9			
" Leasehold Redemption Fund—														
Annual Instalment								3	7	10				
Interest at 2½% on Balance (1st Jan) i.e. £875								1	6	17	6			
" Interest on Capital Accounts—														
G Sykes (5% of £8 500)								4	2	5				
R Simpson (5% of £8 444/1/1)								3	2	2	4			
Balance Nxt Profit c/d								7	4	7	2			
								49	429	3	3			

THE SIMPLEX MANUFACTURING CO
BALANCE SHEET AS AT 31st DECEMBER 19

[illegible]

DISTRIBUTION OF PROFIT ACCOUNT

	£	s	d	£	s	d	By Net Profit for year	£	s	d
To } Smith's Bonus (2% of £2,500)	.	.	.	50	0	0	.	3,878	7	2
" } Smith's Bonus (11% of £1,378/7/2)	.	.	.	20	13	6	.			
				70	13	6	.			
Balance to Capital Account—										
G. Sykes 1/3 share	1,903	16	10							
R. Simpson, 1/3 share	1,903	16	10	3,807	13	6				
				£3,807	7	2		£3,878	7	2

EXERCISE XV (D)—No 27

Dr

EAST & CO IN ACCOUNT CURRENT WITH NORTH & CO

Cr

Date	Particulars	Due Date	Days	Pro ducts	Mos	Pro ducts	Amount	Date	Particulars	Due Date	Days	Pro ducts	Mos	Pro ducts	Amount
19 Sept 16	To Goods	Oct 1	123	£ 12 300	4	£ 400	£ 100	19 Oct 1	By Cash	Oct 1	123	£ 5 835	4	£ 180	£ 45
Nov 1	Cash	Nov 1	92	15 080	3	485	165	Dec 1	Goods	Dec 1	62	15 500	2	500	250
Dec 1	Cash	Dec 1	62	9 300	2	300	150	Jan 1	Goods	Jan 1	31	7 750	1	250	250
Jan 1	Cash	Jan 1	31	9 300	1	300	300	Feb 1	Goods	Feb 1	31	3 410	1	110	110
Feb 1	Goods	Feb 1					10	Feb 1	Bal of Products			13 785		485	
	Balance of Interest						2 5 8		Balance c/d			£ 45 980		£ 1 495	72 5 8
				£ 45 980		£ 1 485	£ 727 5 8								

$$\text{MONTHS } \frac{91}{11} \times \frac{91}{189} = \frac{40}{20}$$

$$\text{DAYS } \frac{2779}{1898} \times \frac{11}{11} = \frac{2779 \times 3}{3650} = \frac{2}{5} \text{ 8.}$$

EXERCISE XV (D)—No 29

JOURNAL ENTRIES FOR ADJUSTMENTS

		£	s	d	£	s	d
19 A	Defaulting Cashier To Sundry Debtors Sales Account	328	16	10	318	4	6
					10	12	4
	Purchases Account Sundry Creditors To Defaulting Cashier	6	8	4			
		66	3	4	72	13	8
	Sundry Creditors To Discount Account	1	13	9			
					1	13	9
	Petty Expenses To Defaulting Cashier	5	3	6			
					5	3	6
B	Loose Plant To A. Brown	95			95		
C	Sales Account To Stock Account	100			100		
D	Sundry Debtors To Bills Receivable	95			95		
		£698	7	9	£698	7	9

EXERCISE XV (E) No 1

DEBENTURE REDEMPTION FUND
INVESTMENT ACCOUNT

Dr					Cr				
Year		£	s	d	Year		£	s	d
Year 1	To Cash	1 431	1	5	Year 1	By Balance c/d	1 431	1	5
Year 2	To Balance b/d	1 431	1	5	Year 2	By Balance c/d	2 933	13	11
	Cash invested = annual instalment + 1st year's interest	1 502	10	6					
		£2 933	13	11			£2 933	13	11
Year 3	To Balance b/d	2 933	13	11	Year 3	By Balance c/d	4 511	9	1
	Cash	1 577	15	2			£4 511	9	1
		£4 511	9	1					

EXERCISE XV (E)—No 1 (contd)

DEBENTURE REDEMPTION FUND

INVESTMENT ACCOUNT—(contd)

Dr					Cr				
Year		£	s	d	Year		£	s	d
Year 4	To Balance b/d	4,511	9	1	Year 4	By Balance c/d	6 168	2	-
	" Cash	1,606	12	11					
		£6,168	2	-			£6 168	2	-
Year 5	To Balance b/d	6 168	2	-	Year 5	By Balance c/d	7,907	11	7
	" Cash	1,739	9	7					
		£7,907	11	7			£7,907	11	7
Year 6	To Balance b/d	7 907	11	7	Year 6	By Balance c/d	9 734	-	8
	" Cash	1,826	9	1					
		£9 734	-	8			£9 734	-	8
Year 7	To Balance b/d	9 734	-	8	Year 7	By Balance c/d	11 651	16	2
	" Cash	1 917	15	5					
		£11 651	16	2			£11 651	16	2
Year 8	To Balance b/d	11 651	16	2	Year 8	By Balance c/d	13 665	9	5
	" Cash	2,013	13	3					
		£13 665	9	5			£13 665	9	5
Year 9	To Balance b/d	13 665	9	5	Year 9	By Balance c/d	15,779	16	4
	" Cash	2 114	6	11					
		£15 779	16	4			£15,779	16	4
Year 10	To Balance b/d	15 779	16	4	Year 10	By Cash	18 000	-	-
	" Cash	2 220	3	8		(Realization of Investment)			
		£18 000	-	-			£18 000	-	-

Dr DEBENTURE REDEMPTION FUND ACCOUNT Cr.

Year 1	To Balance c/d	£	s	d	Year 1	By Appropriation A/c	£	s	d
		1 431	1	5			1 431	1	5
Year 2	To Balance c/d	2 933	13	11	Year 2	By Balance b/d	1 431	1	5
						" Interest	71	11	1
						" Appropriation A/c	1,431	1	5
		£2 933	13	11			£2 933	13	11
Year 3	To Balance c/d	4 511	9	1	Year 3	By Balance b/d	2,933	13	11
						" Interest	146	13	9
						" Appropriation A/c	1 431	1	5
		£4 511	9	1			£4 511	9	1
Year 4	To Balance c/d	6 168	2	-	Year 4	By Balance b/d	4 511	9	1
						" Interest	225	11	6
						" Appropriation A/c	1 431	1	5
		£6 168	2	-			£6 168	2	-
Year 5	To Balance c/d	7 907	11	7	Year 5	By Balance b/d	6 168	2	-
						" Interest	308	8	2
						" Appropriation A/c	1,431	1	5
		£7 907	11	7			£7 907	11	7

EXERCISE XV (E)—No 1 (contd)

Dr DEBENTURE REDEMPTION FUND ACCOUNT—(contd) Cr

		£	s	d			£	s	d
Year 6	To Balance c/d	9 734	—	8	Year 6	By Balance b/d	7 907	11	7
						Interest	395	7	8
						Appropriation A/c	1 431	1	5
		£9 734		8			£9 734		8
Year 7	To Balance c/d	11 651	16	2	Year 7	By Balance b/d	9 734		8
						Interest	486	14	1
						Appropriation A/c	1 431	1	5
		£11 651	16	2			£11 651	16	2
Year 8	To Balance c/d	13 665	9	5	Year 8	By Balance b/d	11 651	16	2
						Interest	582	11	10
						Appropriation A/c	1 431	1	5
		£13 665	9	5			£13 665	9	5
Year 9	To Balance c/d	15 779	16	4	Year 9	By Balance b/d	13 665	9	5
						Interest	683	8	6
						Appropriation A/c	1 431	1	5
		£15 779	16	4			£15 779	16	4
Year 10	To Transfer to Capital Reserve	18 000	—	—	Year 10	By Balance b/d	15 779	16	4
						Interest	788	19	10
						Appropriation A/c	1 431	3	10
		£18 000		—			£18 000		—

EXERCISE XV (E)—No 2

JOURNAL

19		£	s	d	£	s	d
	Profit and Loss Account	10 500	—	—	10 500	—	—
	To Appropriation Account						
	Transfer of balance						
	Appropriation Account	500			500		
	To Premium on Repayment of Debentures						
	Premium on repayment now provided						
	Debentures Account	10 000	—	—	10 500	—	—
	Premium on Repayment of Debentures	500					
	To Debenture holders						
	Transfer of balances						
	Appropriation Account	10 000	—	—	10 000	—	—
	To Capital Reserve Account						
	For transfer of amount of profit equal to debentures paid						
		£31 500	—	—	£31 500	—	—

EXERCISE XV (E)—No. 2 (contd)

CASH BOOK
(CREDIT SIDE)

19							£	s	d
	By Debenture-holders						10,500		

EXERCISE XV (E)—No. 3.

Dr				DEBENTURES ACCOUNT				Cr			
Year		£	s	d	Year		£	s	d		
Year 1	To Debentures Redeemed Account	1,875			Year 1	By Cash	14,250				
	" Balance c/d	13,125				" Discount	750				
		£15,000					£15,000				
Year 2	To Deb. Redeemed A/c	1,875			Year 2	By Balance b/d	13,125				
	" Balance c/d	11,250					£13,125				
		£13,125									
Year 3	To Deb. Redeemed A/c	1,875			Year 3	By Balance b/d	11,250				
	" Balance c/d	9,375					£11,250				
		£11,250									
Year 4	To Deb. Redeemed A/c	1,875			Year 4	By Balance b/d	9,375				
	" Balance c/d	7,500					£9,375				
		£9,375									
Year 5	To Deb. Redeemed A/c	1,875			Year 5	By Balance b/d	7,500				
	" Balance c/d	5,625					£7,500				
		£7,500									
Year 6	To Deb. Redeemed A/c	1,875			Year 6	By Balance b/d	5,625				
	" Balance c/d	3,750					£5,625				
		£5,625									
Year 7	To Deb. Redeemed A/c	1,875			Year 7	By Balance b/d	3,750				
	" Balance c/d	1,875					£3,750				
		£3,750									
Year 8	To Deb. Redeemed A/c	1,875			Year 8	By Balance b/d	1,875				

Dr		DEBENTURES REDEEMED ACCOUNT				Cr			
Year 1	To Cash	£	s	d	Year 1	By Debentures	£	s	d
		1,875					1,875		
Year 2	To Cash	1,875			Year 2	By Debentures	1,875		

and so on for successive years.

EXERCISE XV (E) No 3 (contd)

Dr		CASH BOOK				Cr	
				Year 1	By Deb Redeemed A/c	£	s d
						1 875	- -

and so on for successive years

EXERCISE XV (E) No 4

Dr		DEBENTURES ACCOUNT				Cr	
19	To Cash	£	s	d	19	By Balance	£ s d
	Transfer to Cap Res	8 500					32 000
	Balance c/d	6 39	15	8			-
		27 860	4	4			
		£ 32 000				£ 32 000	-

Dr		CAPITAL RESERVE ACCOUNT				Cr	
				19	By Appropriation A/c	£	s d
					Debenture A/c	8 500	
						6 39	15 8

Dr		CASH ACCOUNT				Cr	
19	To Balance	£	s	d	19	By Debentures	£ s d
		18 000				(18 500 @ 93%)	8 500

Dr		APPROPRIATION ACCOUNT				Cr	
19	To Capital Reserve A/c	£	s	d	19	By Profit and Loss A/c	£ s d
		18 500					8 500

EXERCISE XV (E)—No 5

Dr		5% MORTGAGE DEBENTURES						Cr	
1940 Feb 28	To Cash		£	s	d	1939 Dec 31 1940 Feb 28	By Balance " Debenture Redemption Fund		£ s d
			51,000	-	-				50 000 - -
									1 000 - -
			<u>£51,000</u>	-	-				<u>£51 000</u> - -

Dr		DEBENTURE REDEMPTION FUND						Cr	
1940 Feb 28	To Mortgage Debentures " Balance	c/d	£	s	d	1939 Dec 31 1940 Feb 28 " "	By Balance " Funding Loan War Stock		£ s d
			1,000	-	-				52 100 - -
			55 760	-	-				4 040 - -
									520 - -
			<u>£56 760</u>	-	-				<u>£56 760</u> - -
						1940 Feb 28	" Balance	b/d	55 760 - -

DEBENTURE REDEMPTION FUND INVESTMENTS

Dr		£26 400 4% FUNDING LOAN						Cr	
1939 Dec 31 1940 Feb 28	To Balance " Debenture Redemption Fund		£	s	d	1940 Feb 28	By Cash		£ s d
			25,000	-	-				29 040 - -
			4 040	-	-				
			<u>£29 040</u>	-	-				<u>£29 040</u> - -

Dr		£28,000 3½% WAR STOCK						Cr	
1939 Dec 31 1940 Feb 28	To Balance " Debenture Redemption Fund		£	s	d	1940 Feb 28	By Cash		£ s d
			27,100	-	-				27,720 - -
			620	-	-				
			<u>£27 720</u>	-	-				<u>£27 720</u> - -

EXERCISE XV (E)—No 5 (contd)

Dr		DEBENTURE HOLDERS INTEREST ACCOUNT						Cr		
1940			£	s	d	1940		£	s	d
Feb 28	To Tax on £416 13s 4d at		104	5	4	Feb 28	By 2 months interest	416	3	4
28	By Cash		312	10						
			£416	13	4			£416	13	4

Dr		DEBENTURE INTEREST						Cr	
1940			£	s	d				
Feb 28	To 2 months interest		416	13	4				

Dr		INCOME TAX ACCOUNT						Cr			
						1940 Feb 28	By Debenture Holders		£	s	d
									104	3	4

Dr		CASH ACCOUNT						Cr			
1940			£	s	d	1940			£	s	d
Feb 28	To Funding Loan		29 040			Feb 28	By Debenture Holders		51 100		
28	War Stock		27 720			28	Debenture Holders		312	10	
						28	Balance	c/d	5 447	10	
			<u>56 760</u>						<u>£56 760</u>		
Mar 1	Balance	b/d	5 447	10							

EXERCISE XV (E)—No 6.

DI BLANCK'S ACCOUNT

[illegible]

DEBENTURE REDEMPTION RESERV.

1937		1937		£	s	d.
		1937				
		Mar 31	By Balance brought down	38,500	0	8
		May 1	" on cancellation of £2,000 Debentures	64	0	8
		Dec 31	" " on cancellation of £2,000 Debentures	145	13	4
		1938				
		Mar 31	" Profit and Loss Account	3,750		

DEBTENTURE INTEREST

1937																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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EXERCISE XV (E)—No 7

Dr 2000 7 PER CENT DEBENTURES OF £100 EACH Cr

			£	s	d				£	s	d
1934 June 30	To Cash		72 800			1920 June 30	By Cash		200 000		
30	1400 4½ per cent Debentures of £100 each		140 000				Debiture Premium £80 000 at 5 per cent		3 000		
							£140 000 at 7 per cent		9 800		
			£212 800						£212 800		

Dr DEBENTURE REDEMPTION FUND

Cr

			£	s	d				£	s	d
1934 June 30	To Debiture Premium Account		12 800			1933 Dec 31	By Balance	b/d	108 200		
30	Balance	c/d	103 400			1934 June 30	Profit on Sale of Investments		7 700		
			£116 200						£116 200		
						1934 July 1	By Balance	b/d	103 400		

Dr DEBENTURE REDEMPTION FUND INVESTMENTS Cr

			£	s	d				£	s	d
1933 Dec 31	To Balance	b/d	108 200			1934 June 30	By Cash Sale of £51 000 for Balance	c/d	58 700		
1934 June 30	Profit on Sale of Investments taken to Debiture Redemption Fund		7 700						57 200		
			£116 200						£116 200		
1934 July 1	To Balance	b/d	57 200								

Dr DEBENTURE PREMIUM ACCOUNT

Cr

			£	s	d				£	s	d
1934 June 30	To Debiture Holders		3 000			1934 June 30	By Transfer to Debiture Redemption Fund		12 800		
30	Debiture Holders		9 800						£12 800		
			£12 800								

Dr 1400 4½ PER CENT DEBENTURES OF £100 EACH Cr

			£	s	d				£	s	d
1934 June 30	By 7 per cent Debiture Holders		140 000								

EXERCISE XV (E)—No 8 (cont'd)

THE LUCIFER ELECTRICAL CO LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

EXERCISE XV (E) No 9

THE FLORADO CIGARETTE CO. LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST MARCH 19 .

40

[illegible]

THE ELDORADO CIGARETTE CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

	£	s	d.	By Trading Account b/d	£	s	d.
To Rent	-	-	-	.	-	-	-
" Gas and Electric Light : Add Amount owing :	182 34	-	-	.:	620	-	6,063 4,236
Rates and Taxes	203	-	-	.	216	-	-
Less Amount paid in advance	34	-	-	.	-	-	-
Licence and Insurance	209	-	-	.	171	-	-
Less Insurance paid in advance	49	-	-	.	-	-	-
Trade Expenses	-	-	-	.	160	-	-
" Interest and Discount :	-	-	-	.	508	-	-
" Bad Debts	-	-	-	.	3 275	-	-
" Salaries	1 587	-	-	.	247	-	-
Add Amount owing	40	-	-	.	-	-	-
Travellers' Salaries Com., etc	-	-	-	.	1 627	-	-
" Printing and Postage	-	-	-	.	1 479	-	-
" General Expenses	-	-	-	.	347	-	-
" Advertising and Samples . .	-	-	-	.	93	-	-
" Legal Expenses	-	-	-	.	904	-	-
" Audit Fee	-	-	-	.	53	-	-
" Bad Debts Reserve	609	-	-	.	105	-	-
(2½% of £24 360)	-	-	-	.	-	-	-
Less Old Reserve	542	-	-	.	67	-	-
Depreciation-- Plant and Machinery . . .	342	-	-	.	-	-	-
(10% of £3 420)	-	-	-	.	-	-	-
Fixtures and Fittings	87	-	-	.	429	-	-
(7¼% of £1,160)	-	-	-	.	-	-	-
Total Balance, Net Loss . . .	-	-	-	.	£ 10 299	-	£ 10 299

EXERCISE XV (E)—No 9 (contd.)

THE TUDORADO CIGARETTE CO. LTD

BALANCE SHEET AS AT 31st MARCH 19

CAPITAL AND LIABILITIES		£		s	d	£		s	d	PROPERTY AND ASSETS		£		s	d	£		s	d
<i>Nominal Capital—</i>																			
500 Preference Shares of £10 each		5 000		—						Plant and Machinery		3 420		—					
25 000 Ordinary Shares of £1 each		25 000		—						Less Depreciation		342		—					
										Fixtures and Fittings		1 160		—					
		£ 30 000								Less Depreciation		87		—		3 078			
										Stock						1 073			
<i>Issued Capital—</i>										Sundry Debtors						16 455			
500 Preference Shares of £10 fully paid						5 000				(less Reserve of £609)						23 751			
22 179 Ordinary Shares of £1 each fully called		22 179								Cash in hand						1 056			
Less Calls in Arrears		32								Rates and Insurance paid in advance						81			
Sundry Creditors						22 147				Profit and Loss Account (Balance)						4 715			
Salaries Owing						22 970													
						92													
						£ 50 209										50 209			

EXERCISE XV (E) —No 10

Item	Side of Ledger	REASON
Bad Debts	Dr	Are losses to the business, being transfers of DEBITS on personal accounts
Cash	Dr	Receipts should, ordinarily, exceed payments, hence a Dr balance
Goodwill	Dr	Being a purchase for CASH, or other valuable consideration, is debited
Reserve Fund	Cr	Is represented by transfers from the CREDIT of the Profit and Loss Account

EXERCISE XV (E)—No 11

Gross Profit is generally, understood to be the amount by which the SELLING price exceeds the PURCHASE or MANUFACTURING cost of that which is sold

Net Profit is generally understood to be the amount by which the GROSS profit exceeds the selling distribution, and administration expenses

The advantages obtained by arriving at the GROSS profit periodically are—

- The management are assured that the cost is *less* than turnover
- If the profit is small it evidences the need of inquiry into price of material or as to whether the selling price is fixed on a fair basis
- If the profit is large it may prove need for adjustment of selling price to induce further trade as it does not necessarily follow that a large profit is a sign of good business Prices may be prohibitive of future custom
- Fluctuations in the gross profit point generally, to the varying cost, or consumption of material, wages etc., and indicate the need for inquiry into adjustment *re* cost and sale price accordingly

EXERCISE XV (E)—No 12

See form of Petty Cash Book on page 292 of *Advanced Accounts* and under Imprest System on page 16

EXERCISE XV (E)—No 13

JOURNAL

		£	s	d	£	s	d
19 Nov	2 Henry Jones To Goods	500			500		
	6 Bills Receivable To Henry Jones	500			500		
Dec	5 Bank Discount (5% on £500 for 2 mos) To Bills Receivable	49	16	8			
		4	3	4	500		
		£1 500			£1 500		

Note—Until date of maturity discounted Bills will be stated in the Balance Sheet as under—

Contingent Liability—	£	d
Bills under Discount	500	- -

EXERCISE XV (E)—No 14

(a) The amount of Capital stated in the Memorandum of Association. The item appears on the LIABILITIES side—entered short—of the Balance Sheet.

(b) Calls in Arrears are sums due from but not paid by the shareholders. The amount is shown as a deduction from issued and paid up Capital. The item appears on the LIABILITIES side of the Balance Sheet.

(c) Loans to Limited Companies secured by a mortgage on the property (or part of the property) of the Company. The item appears on the LIABILITIES side of the Balance Sheet.

(d) Preliminary Expenses are the direct expenses of a Company incidental to its formation registration incorporation etc. They are regarded as Capital Expenditure and appear on the ASSETS side of the Balance Sheet.

EXERCISE XV (E)—No 15

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST DECEMBER 19. Cr.

	£	s	d	£	s	d	£	s	d
To Purchases	.	.	.	49 000	-	-	70 000	-	-
" Wages	.	.	.	15 000	-	-	6 000	-	-
" Balance—Gross profit c/d	.	.	.	12 000	-	-		-	-
				£ 76 000	-	-	£ 76 000	-	-
To Debenture Interest	.	.	.	475	-	-	12 000	-	-
" Income Tax	.	.	.	25	-	-		-	-
" Office and General Repairs	.	.	.	1 500	-	-		-	-
" Directors' Fees	.	.	.	300	-	-		-	-
" Discounts	.	.	.	200	-	-		-	-
" Preliminary Expenses	.	.	.	500	-	-		-	-
" Depreciation—	.	.	.		-	-		-	-
Buildings	400	-	-	1 400	-	-		-	-
Machinery	1 000	-	-	7 600	-	-		-	-
" Balance, Net Profit	.	.	.	£ 12 000	-	-	£ 12 000	-	-

EXERCISE XV (E)—No 15 (cont'd)

THE BRITISH MANUFACTURING CO LTD
BALANCE SHEET 31ST DECEMBER 19

	CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
	£	s	d	
Share Capital	40 000	-	-	Buildings
8% Debenture Stock	10 000	-	-	Machinery
Creditors	1 500	-	-	Stock
Income Tax unpaid	25	-	-	Debtors
<i>Profit and Loss Account—</i>				Cash in hand
Balance 31st Dec	7 600	-	-	
	£ 59 125			

EXERCISE XV (E)—No 16

See answer at end of *Advanced Accounts*

EXERCISE XV (E)—No 17

EXERCISE XV (E)—No 17

Interest may be paid to shareholders during a non revenue earning period which interest may be capitalized and regarded as part of the cost of the Works under construction. The rate per cent must not exceed 6 per cent per annum. Payment of such interest is restricted to the close of the half year next after the half year during which the works have been actually completed. See also *Advanced Accounts* page 651 (under Interest on Capital paid out of Capital).

EXERCISE XV (E)—No 18

Although it is permissible to so dispose of the Reserve Fund it is not considered a correct procedure. Premiums on Shares are regarded as capital profits and should be reserved for use in writing down capital losses or for writing down intangible assets such as Goodwill. Preliminary Expenses etc

AERODROM CO LTD

ALLOTMENTS BOOK (ORDINARY SHARES)

No of Shares Allotted	Distinctive Numbers.		S L Fo	Amount Due on Application and Allotment			Balance Due on Allotment			Cash Paid on Allotment			Cash Returned			No of Shares Certificate	Remarks.
	From	To															
5 000 Nil	1	5 000		£ 2 500	s	d	£ 1 250	s	d	£ 1 250	s	d	£	s	d		Letter of Regret No. 1
1 000	5 001	6 000		500	-	-							1 250				
4 000	6 001	10 000		2 000	-	-	1 375	-	-	1 375	-	-					
40 000	10 001	50 000		20 000	-	-	15 000	-	-	15 000	-	-					
50 000				£ 25 000	-	-	£ 17 625	-	-	£ 17 625	-	-	250				

D'OR LTD

ALLOTMENTS BOOK (SHARES)

No of Shares Allotted	Distinctive Numbers		S L Fo	Amount Due on Application and Allotment			Balance Due on Allotment			Cash Paid on Allotment			Cash Returned			No of Shares Certificate	Remarks.
	From	To															
5 000	1	5 000		£ 2 500	s	d	£ 1 250	s	d	£ 1 250	s	d	£	s	d		Letter of Regret No. 1
500	5 001	5 500		250	-	-											
2 000 Nil	5 501	7 500		1 000	-	-				500	-	-			250		
7 500				£ 3 750	-	-	£ 1 750	-	-	£ 1 750	-	-	£ 250	-	-		

30TH SEPTEMBER 19

PROPERTY AND ASSETS				£	s	d	£	s	d
Goodwill (at cost)							40 000	-	-
Loose Plant and Tools (as valued by the Company's Manager)							35 000	-	-
Patterns (as valued by the Company's Manager)							15 000	-	-
Fixed Assets—									
Freehold Land, at cost							20 000	-	-
Buildings at cost				39 000	-	-			
Additions at cost				2 000	-	-			
Less Depreciation				41 000	-	-	40 000	-	-
				1 000	-	-			
Fixed Plant and Machinery value as taken over by the Company				140 000	-	-			
Additions, at cost				17 000	-	-			
Less Depreciation				157 000	-	-	150 000	-	-
				7 000	-	-			
Floating Assets—									
Stock in Trade (as valued by the Company's Manager)							80 000	-	-
Trade Debtors				110 000	-	-			
Less Bad Debts Reserve etc.				5 500	-	-	104 500	-	-
Preliminary Expenses							10 500	-	-
							£ 495 000	-	-

EXERCISE XV (F)—No. 1.

Dr REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT *Cr*

19 June 30	To Sundry Members Ac count	£ 50,000	19 June 30	By Balance	b/d	£ 50,000
---------------	-------------------------------	-------------	---------------	------------	-----	-------------

Dr PROFIT AND LOSS ACCOUNT *Cr*

19 June 30	To Sundry Members' Ac count— Premium on Redemption of Redeemable Preference Shares	£ 5,000	19 June 30	By Balance	b/d	£ 60,000
	Capital Redemption Reserve Fund	50,000				
	Balance	c/d 5,000				
		£60,000				£60,000
			19 July 1	By Balance	b/d	5,000

SUNDRY MEMBERS (REDEEMABLE PREFERENCE SHARES) ACCOUNT

Dr *Cr*

19 June 30	To Bank	£ 55,000	19 June 30	By Redeemable Preference Share Capital Account		£ 50,000
				Profit and Loss Account		
				Premium of 2s per Share on Redemption		5,000
		£55,000				£55,000

Dr CAPITAL REDEMPTION RESERVE FUND *Cr*

			19 June 30	By Profit and Loss Account Amount transferred in respect of redemption of Redeemable Preference Shares		£ 50,000
--	--	--	---------------	--	--	-------------

(SUMMARY) BALANCE SHEET AS AT 30TH JUNE 19 .

<i>Liabilities</i>	£	<i>Assets</i>	£
Nominal Capital		Sundry Assets	200,000
Capital Issued and Subscribed—		Bank Balance (£85,000 - £55,000)	30,000
100,000 Ordinary Shares of £1 each			
fully paid	100,000		
50,000 Redeemable Preference Shares of £1 each,			
fully paid	£50,000		
Less Redeemed	50,000		
Capital Redemption Reserve Fund	50,000		
Sundry Creditors	75,000		
Profit and Loss Account	5,000		
	£230,000		£230,000

EXERCISE XV (F)—No 2

JOURNAL

	£	s	d	£	s	d
5% Redeemable Preference Share holders To 5% Redeemable Preference Share Capital Account Amount due on issue of 20 000 £1 5% Redeemable Preference Shares	20 000	—	—	20 000	—	—
Bank To 5% Redeemable Preference Shareholders Amount received on issue of 20 000 £1 5% Redeemable Preference Shares	20 000	—	—	20 000	—	—
6% Redeemable Preference Share Capital Account To 6% Redeemable Preference Shareholders Transfer of share capital redeemable	50 000	—	—	50 000	—	—
6% Redeemable Preference Share Premium Account To 6% Redeemable Preference Shareholders 5% premium on redemption of 50 000 £1 6% Redeemable Preference Shares	2 500	—	—	2 500	—	—
Profit and Loss Appropriation Account To Capital Redemption Reserve Fund Profit set aside to meet requirements of Sect 64 of the Companies Act 1929	32 500	—	—	32 500	—	—
Capital Redemption Reserve Fund (or Profit and Loss Appropriation Account) To 6% Redeemable Preference Share Premium Account Writing off of premium	2 500	—	—	2 500	—	—
	£127 500	—	—	£127 500	—	—

EXERCISE XV (F)—No 3.

6% REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT

Dr				Cr			
19 Sept 1	To Members' Account	£ 200,000	19 Sept 1	By Balance	£ 200,000		

Dr				MEMBERS ACCOUNT				Cr			
19 Sept 1	To Cash	£ 200,000	19 Sept 1	By 6% Redeemable Preference Share Capital Account	£ 200,000						

Dr				BANK ACCOUNT				Cr			
19 Sept 1	To Application and Allotment incldg Premium	£ 112,500	19 Sept 1	By Members Account	£ 200,000						

Dr				CAPITAL REDEMPTION RESERVE FUND ACCOUNT				Cr			
			19 Sept 1	By General Reserve Fund	£ 87,500*						

Dr				GENERAL RESERVE ACCOUNT				Cr			
19 Sept 1	To Capital Redeemed Reserve Account Balance	£ 87,500	19 Sept 1	By Balance	£ 125,000						
		37,500									
		£125,000									
			19 Sept 1	By Balance	£ 37,500						

Dr				5% PREFERENCE SHARE CAPITAL ACCOUNT				Cr			
			19 Sept 1	By Application and Allotment	£ 75,000						

Dr				APPLICATION AND ALLOTMENT ACCOUNT				Cr			
19 Sept 1	To 5% Preference Share Capital Premium on Shares Account	£ 75,000	19 Sept 1	By Bank Account	£ 112,500						
		37,500									
		£112,500									

Dr				PREMIUM ON SHARES ACCOUNT				Cr			
			19 Sept 1	By Application and Allotment Account	£ 37,500						

* Nominal Value of Shares Redeemed £200,000
 Less Cash for New Shares (including Premium) 112,500
 £87,500

SE XV (F)—No 5
BALANCE SHEET OF BROWN, JONES & SMITH
AS AT 31ST MARCH 1937

AS AT 31st MARCH 1957												
LIABILITIES AND CAPITAL						ASSETS						
	£	s	d	£	s	d			£	s	d	
Creditors				1 817	-	-	Cash	-		1 396	-	-
Andrews Loan Account				5 450	-	-	Debtors			3 721	-	-
Capital Accounts—							Stock			5 600	-	-
Brown	8,990	-	-				Fixed Assets	-	-	9 600	-	-
Jones	7 260	-	-				Goodwill	-	-	4 700	-	-
Smith	2,000	-	-									
				17,650	-	-						
				£25 017	-	-				£25 017	-	-

Dr	REPAIRS EQUALIZATION RESERVE ACCOUNT		Cr
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D _r						REPAIRS EQUALIZATION RESERVE ACCOUNT						C _d					
Year			£	s	d	Year			£	s	d.						
	To Repairs Account Balance	c/d	76	8	-	1	By Profit and Loss Account		150	-	-						
			73	12	-				£150	-	-						
			£150	-	-			b/d	73	12	-						
	To Repairs Account		250	-	-	2	By Balance Profit and Loss Account Balance	c/d	150	-	-						
									28	8	-						
			£250	-	-				£250	-	-						
	To Balance	b/d	26	8	-	3	By Profit and Loss Account		150	-	-						
	Balance	c/d	123	12	-				£150	-	-						
			£150	-	-			b/d	123	12	-						
	To Repairs Account	c/d	84	12	-	4	By Balance Profit and Loss Account		150	-	-						
	Balance		189	-	-				£273	12	-						
			£273	12	-	5	By Balance	b/d	189	-	-						

EXERCISE XV (F)—No 8

<i>Dr</i>		GOODWILL		<i>Cr</i>		1
19 June 30	To Balance	b/d	<u>£ 1 000</u>	19 June 30	By Dissolution Account	13 <u>£ 1 000</u>

<i>Dr</i>		OFFICE FURNITURE		<i>Cr</i>		2
19 June 30	To Balance	b/d	<u>£ 219</u>	19 June 30	By Dissolution Account	13 <u>£ 219</u>

<i>Dr</i>		SUNDRY DEBTORS		<i>Cr</i>		3
19 June 30	To Balance	b/d	<u>£ 1 403</u>	19 June 30	By Dissolution Account	13 <u>£ 1 403</u>

<i>Dr</i>		WORK IN PROGRESS		<i>Cr</i>		4
19 June 30	To Balance	b/d	<u>£ 1 462</u>	19 June 30	By Dissolution Account	13 <u>£ 1 462</u>

<i>Dr</i>		CASH ACCOUNT		<i>Cr</i>		5
19 June 30	To Balance	b/d	<u>£ 919</u>	19 June 30	By Sundry Creditors	1 <u>£ 190</u>
	Fowler—				Munday—	
	Capital Account	11	64		Capital Account	7 <u>180</u>
			<u>£ 983</u>		Jones—	
					Capital Account	9 <u>609</u>
						<u>£ 983</u>

<i>Dr</i>		SUNDRY CREDITORS		<i>Cr</i>		6
19 June 30	To Cash	5	<u>£ 190</u>	19 June 30	By Balance	b/d <u>£ 192</u>

<i>Dr</i>		MUNDAY CAPITAL ACCOUNT		<i>Cr</i>		7
19 June 30	To Halt Goodwill	13	<u>£ 2 058</u>	19 June 30	By Balance	b/d <u>£ 1 500</u>
	Furniture	13	219		Current Account	8 <u>721</u>
	Debtors	13	660		Share of Profit on	
	Work in Progress	13	842		Dissolution	13 <u>1 740</u>
	Cash	5	180			
			<u>£ 3 961</u>			<u>£ 3 961</u>

<i>Dr</i>		MUNDAY CURRENT ACCOUNT		<i>Cr</i>		8
19 June 30	To Capital Account	7	<u>£ 721</u>	19 June 30	By Balance	b/d <u>£ 721</u>

EXERCISE XV (2)—No. 8 (contd.)

Dr JONES, CAPITAL ACCOUNT Cr 9

19 June 30	To Quarter Goodwill	13	£ 1 029	19 June 30	By Balance	10	£ 1 500
	Debtors	13	472		Current Account	10	295
	Work in Progress	13	931		Share of Profit on Dissolution	13	1 305
	Cash	5	609				
			<u>£3,041</u>				<u>£3,041</u>

Dr JONES, CURRENT ACCOUNT Cr 10

19 June 30	To Capital Account	9	£ 236	19 June 30	By Balance	b/d	£ 236
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Dr FOWLER CAPITAL ACCOUNT Cr 11

19 June 30	To Quarter Goodwill	13	£ 1 029	19 June 30	By Balance	b/d	£ 500
	Debtors	13	221		Current Account	12	354
	Work in Progress	13	538		Share of Profit on Dissolution	13	879
					Cash	5	64
			<u>£1,788</u>				<u>£1,788</u>

Dr FOWLER CURRENT ACCOUNT Cr 12

19 June 30	To Capital Account	11	£ 354	19 June 30	By Balance	b/d	£ 354
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Dr DISSOLUTION ACCOUNT Cr 13

19 June 30	To Goodwill	1	£ 1,600	19 June 30	By Munday—		£
	Office Furniture	2	219		Half of Goodwill	7	2008
	Sundry Debtors	3	1 403		Jones—		
	Work in Progress	4	1 482		Quarter of Good will		1,029
	Profit on Dissolution				Fowler—		
	Munday	7	1,740		Quarter of Good will	11	1 029
	Jones	9	1 305		Munday—		
	Fowler	11	870		Office Furniture	7	219
					Munday—		
					Debtors	7	600
					Jones—		
					Debtors	9	472
					Fowler—		
					Debtors	11	221
					Munday—		
					Work in Progress	7	842
					Jones—		
					Work in Progress	9	931
					Fowler—		
					Work in Progress	11	538
			<u>£7,999</u>				<u>£7,999</u>

EXERCISE XV (F)—No. 9

FARNDALE & MACLEOD LTD

TRAINING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

[illegible]

15% of £11,000 p.a. = 5% of £200 for 1 year

EXERCISE XV (F)—No. 9 (contd.)

FARNDALE & MACLEOD, LTD

BALANCE SHEET AS AT 31ST DECEMBER 19 .

CAPITAL AND LIABILITIES		£	s	d	£	s	d	PROPERTY AND ASSETS		£	s	d	£	s	d
<i>Nominal Capital—</i>								Leasehold Premises		30,500	—	—	—	—	—
75,000 Shares of £1 each		75 000	—	—				Less Depreciation		305	—	—	30,195	—	—
<i>Issued Capital—</i>								Plant and Machinery		11,600	—	—	—	—	—
75,000 Shares of £1 each 15/- called		56 250	—	—				Less Depreciation		565	—	—	11,035	—	—
Less 500 Shares Forfeited.		375	—	—				Office Furniture		65	—	—	—	—	—
Less Calls in Arrears		55 875	—	—				Less Depreciation		3	5	—	61 15	—	—
75		75	—	—				Advertising Places		600	—	—	—	—	—
6% Debentures—					55,800	—	—	Less written off		200	—	—	—	—	—
500 Bonds of £10 each					5 000	—	—	Goodwill			—	—	400	—	—
Debenture Interest accrued					141	5	—	Stock			—	—	10,000	—	—
Forfeited Shares Account					100	—	—	Sundry Debtors			—	—	4,174	—	—
Reserve Fund					2 000	—	—	Less Bad Debts Reserve		11,650	—	—	—	—	—
Bank Overdraft					125	—	—	.. Discount Reserve			2 6	—	—	—	—
Sundry Creditors		1 250	—	—				Cash in hand		413	2	6	11,236	17	8
Less Discount Reserve		31	5	—	1 218	15	—	Insurance prepaid			—	—	10	—	—
Wages Outstanding					500	—	—				—	—	12	—	—
<i>Profit and Loss Account—</i>											—	—		—	—
Current Year's Profit		2 339	12	6							—	—		—	—
Less Loss from previous year		100	—	—	2 239	12	6				—	—		—	—
											—	—		—	—
					£ 67 124	12	6				—	—	£ 67,124	12	6

REALIZATION ACCOUNT

[illegible]

PROFIT AND LOSS ADJUSTMENT ACCOUNT

Dr.

19	To Interest Account—			19			Cr.		
	£	s	d	£	s	d	£	s	d.
A, 5% of £2,500 for 1 yr	125	-	-				3,460	-	-
B, 5% of £1,500 for 1 yr	75	-	-						
C, 5% of £1,200 for 1 yr	60	-	-	260	-	-			
To Balance, Net Profit—									
A's Share	1,600	-	-						
B's	800	-	-						
C's	800	-	-	3,200	-	-			
							£3,460	-	-

CASH ACCOUNT

Dr

19..	To Balance			19			Cr		
	£	s	d	£	s	d	£	s	d
				1,500	-	-			
							500	-	-
							500	-	-
							500	-	-
							1,500	-	-
							£1,500	-	-

By A, $\frac{1}{3}$
 " B, $\frac{1}{3}$
 " C, $\frac{1}{3}$.

A s CAPITAL ACCOUNT

Dr

Cr

Dr		£	s	d	19	By Balance Interest Share of Profit				£	s	d
10	To Cash Drawings B C									2 500		
										125		
										1 600		
										<u>4 225</u>		

B s CAPITAL ACCOUNT

Dr

Cr

Dr		£	s	d	19	By Balance Interest Share of Profit Sundry Creditors Balance due to A				£	s	d
19	To Cash <i>Realization A/c</i> 1 e — Sundry Debtors Furniture Drawings	2 682 125								1 500		
										75		
										800		
										316		
										<u>1 250</u>		
										<u>3 941</u>		

C s CAPITAL ACCOUNT

Dr

Cr

Dr		£	s	d	19	By Balance Interest Share of Profit Balance due to A				£	s	d
19	To Cash <i>Realization A/c</i> 1 e — Sundry Debtors Drawings									1 200		
										60		
										800		
										<u>1 250</u>		
										<u>3 310</u>		

EXERCISE XV (F)—No. II.

APPLICATION AND ALLOT

No. of Application	Date of Application	NAME	ADDRESS	Occupation	No of Shares Applied for	Amount Paid on Application	£	s	d
1	19 Jan	2 Lucas, Thomas O	62 Cold Harbour Lane, Bedford	Baker	2,500	625	—	—	—
2		2 Allen, Percy F	Park Gates Mansion, Framley	Gentleman	10,000	2,500	—	—	—
3		3 Simpson, Albert R.	64 High Road, Burnham	Clerk	100	30	—	—	—
4		3 Roberts George T	24 Kible St. Tooting Graveney, S.W	Barrister	1,800	450	—	—	—
5		4 Peters Henry	84 High Street, Merton, London	Butcher	4,500	1,125	—	—	—
6		4 Greenham, Arthur O	Leethorpe Road Cardiff	Coal Merchant	5,000	1,250	—	—	—
7		5 Smithers, James	Park Farm, Brimsley	Farmer	3,500	875	—	—	—
8		5 Thompson Edward E	2 Shingle Street Burton	Brewer	1,600	400	—	—	—
9		6 Martin Frederick P	168 Tonge Road Healey	Clerk	2,500	625	—	—	—
10		6 Short, Samuel	72 Moreton Road, Procadilly, W	Stockbroker	150	37 10	—	—	—
11		7 Ruthven, Philip J	29 Lake Street Bashton	Grocer	2,000	500	—	—	—
12		8 Barnard Rufus O	15 Lytton Magnons Thornton Heath	Major	5,500	1,375	—	—	—
						39,170	9,792	10	—

SHAREHOLDERS' CASH

Date	Receipts	S.L. Fo	Amount	Date	Payments	S.L. Fo	Amount	£	s	d
19 Jan	2 To Application Account—			19 Jan	10 By Application Account—			—	—	—
2	Lucas, T O		625	15	Simpson A. R.		30	—	—	—
2	Allen, P F		2,500	15	Short S.		37 10	—	—	—
3	Simpson, A. R.		30	15	Balance		9,725	—	—	—
3	Roberts, G T		450							
4	Peters H		1,125							
4	Greenham, A. O.		1,250							
5	Smithers J		875							
5	Thompson E. R.		400							
6	Martin F		625							
6	Short, S		37 10							
7	Ruthven P J		500							
8	Barnard, R. O		1,375							
			9,792 10				9,792 10			

MENTS BOOK (PREFERENCE SHARES)

No of Shares Allotted	Distinctive Numbers.		S L Fo	Amount Due on Application and Allotment			Balance Due on Allotment			Amount Paid on Allotment			Cash Returned			No of Share Certificate	Remarks
	From	To		£	s	d	£	s	d	£	s	d	£	s	d		
2 000	50 001	52 000		1 000	-	-	375	-	-	375	-	-					Letter of Regret No 3
6 000 Nil	52 001	58 000		3 000	-	-	500	-	-	500	-	-	30	-	-		
1 500	58 001	59 500		750	-	-	900	-	-	300	-	-					
5 500	59 501	63 000		1 750	-	-	625	-	-	625	-	-					
4 000	63 001	67 000		2 000	-	-	750	-	-	750	-	-					
3 000	67 001	70 000		1 500	-	-	625	-	-	625	-	-					Letter of Regret No 4
1 500	70 001	71 500		750	-	-	350	-	-	350	-	-					
2 000 Nil	71 501	73 500		1 000	-	-	375	-	-	375	-	-	37	10	-		
1 500	73 501	75 000		750	-	-	250	-	-	250	-	-					
5 000	75 001	80 000		2 500	-	-	1 125	-	-	1 125	-	-					
30 000			£	15 000	-	-	£5 275	-	-	£5 275	-	-	£67	10	-		

BOOK (PREFERENCE SHARES)

Date	Receipts.	S L Fo	Amount	Date	Payments	S L Fo	Amount
19 Jan 15	To Balance	b/d	£ 9 725	19 Jan 20	By Transfer to General Cash Book		£ 15 000
" 20	Allotment Account—						
	Lucas T O		775				
	Allen P F		500				
	Roberts G T		300				
	Peters H		625				
	Greenham, A O		750				
	Smithers J		625				
	Thompson E E.		350				
	Martin F		375				
	Ruthven P J		250				
	Barnard R O		1 125				
			£ 15 000				£ 15 000

EXERCISE XV (F)—No 12

CALL BOOK

First Call of 5s per share made

SL Fo	NAME	ADDRESS	No of Shares Held	Amount Due
	Barnard, R O	15 Lipton Mansions, Thornton Heath	5,000	£ 1,250
	Ruthven P J	29 Lake Street, Bashton	1,500	375
	Martin, F P	169 Tonge Road, Kealey	2,000	500
	Thompson, E E	72 Shingle Street, Burton	1,500	375
	Smithers, J	Park Farm Brimsley	3,000	750
	Greenham A O	Leethorpe Road, Cardiff	4,000	1,000
	Peters H	84 High Street, Merton, S W	3,500	875
	Allen, O F	Park Gates Mansion, Framley	6,000	1,500
	Lucas T O	62 Cold Harbour Lane, Bedford	2,000	500
	Roberts, G T	24 Keble Street, Tooting Graveney	1,500	375
			30,000	£7,500

PREFERENCE SHARES

May 5th and payable by May 20th

Amount Paid	ARREARS			Calls Paid in Advance	Remarks
	Amount	Days	Interest		
£ 1 250 375 250 750 750 500 875 1 500 500 Nil	£ 250 500 375	 31 31 31	 1 1 5 2 2 6 1 11 10	 375	 Paid June 20th Subject to 5% Interest Paid June 20th Forfeited June 25th
£6 750	£1 125		14 15 7	£375	

SHAREHOLDERS CASH BOOK

(PREFERENCE SHARES)

Date	Receipts	For	Amount	Date	Payments	For	Amount
19 May	To First Call Account— Barnard R O Ruthven P J Martin F P Thompson E E Smithers J Greenham A O Peterson, H Allen P F Lucas T O		£ 1 250 375 250 75 750 500 875 1 500 500 £6 750	19 May	By Transfer to General Cash Book		£ 6 750
June 20	To First Call Account— Martin F P Greenham A O Interest Account— Martin F P Greenham A O		 250 500 2 2 6 1 1 3 £753 3 9	June 20	By Transfer to General Cash Book		 753 3 9 £753 3 9

EXERCISE XV (F) — No 13.

REGISTER OF TRANSFERS

No. of Transfer	Date Transfer Registered	TRANSFERORS					
		S. L. Fo	NAME	ADDRESS	Occupation	S. L. Fo	NAME
1	June 23		Lake R T	16 Bradford Road, Leeds	Solicitor		Locksley N P
2	July 13		Lake, R T	16 Bradford Road, Leeds	Solicitor		
3	Aug 2						Bullen F T
4	Sept 18						
5	Nov 18		Silverlock, J P	Clerk Park, Wintorpe	Gentleman		Finchley Arthur
6	Dec 12						Penwith Robt T

FERS (ORDINARY SHARES)

TRANSFERREES		SHARES TRANSFERRED				No of New Certificate	Remarks	
ADDRESS	Occupation	No of Shares	Distinctive Numbers		Amount Paid up			
			From	To				
125 Coldthorpe Ave Brixton	Surveyor	200	1	200	£ 150	s	d	
		500	201	700	37s	1		
12 Luke Street Bexley	Solicitor	1 000	24 501	25 500	7s6	-		
		300	25 501	25 800	2s	-		
11 Jupiter Street Yeovil	Solicitor	500	25 801	26 300	37s	1		
11 Tower Street Bermondsey	Leather Merchant	500	26 301	26 800	37s	1		

EXERCISE XV (F)—No 14

JOURNAL

		£	s	d	£	s	d
19							
Jan 31	Stock	50,000	-	-			
	Sundry Debtors	40,000	-	-			
	Cash at Bank	5,000	-	-			
	Fixtures etc	2,000	-	-			
	Leasehold Premises	3,000	-	-			
	Goodwill	12,000	-	-			
	To Sundry Creditors				12,000	-	-
	" Vendors' Account				100,000	-	-
		£112,000			£112,000		

Dr

BANK ACCOUNT

Cr

		£	s	d		£	s	d
19	To Balance	5,000	-	-	19	By Vendor	100,000	-
	" Shareholders	50,000	-	-		" Balance c/d	5,000	-
	" Debenture holders	50,000	-	-				
		£105,000				£105,000		

Dr

VENDORS ACCOUNT

Cr

		£	s	d		£	s	d
19	To Cash	100,000	-	-	19	By Sundries	100,000	-

EXERCISE XV (F) No 14 (con d)

Dr SUNDRY SHAREHOLDERS Cr

19	To Share Capital	£	50 000	s	d	19	By Cash	£	50 000	s	d
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Dr DEBENTURE HOLDERS Cr

19	To Debentures	£	50 000	s	d	19	By Cash	£	50 000	s	d
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Dr SHARE CAPITAL ACCOUNT Cr

						19	By Shareholders	£	50 000	s	d
--	--	--	--	--	--	----	-----------------	---	--------	---	---

Dr DEBENTURES Cr

						19	By Debenture holders	£	50 000	s	d
--	--	--	--	--	--	----	----------------------	---	--------	---	---

TRIAL BALANCE

	£	s	d	£	s	d
Bank Account	5 000					
Stock	50 000					
Sundry Debtors	40 000					
Fixtures etc	2 000					
Leasehold Premises	3 000					
Goodwill	12 000					
Sundry Creditors				12 000		-
Share Capital Account				50 000		-
Debentures				50 000		-
	£112 000			£112 000		

EXERCISE XV (F)~No 15

CONVERTED RANGOON TRIAL BALANCE

	Rate of Ex- change						
		£	s	d	£	s	d
Cash at Bank		12,358	3	1			
Cash in hand		1,284	12	8			
London Account					17,938	1	10
General Reserves					5,018	19	10
Stocks	All	21,839	13	7			
Advances to Natives	at	15,000	-	-			
Buildings, etc	1/4	3 085	7	8			
Sundry Debtors		5 864	5	1			
Payments in Advance		200	-	-			
Reserve for Bad Debts					173	6	8
Sundry Creditors					36 541	13	9
		£ 59 632	2	1	59 632	2	1

HEAD OFFICE TRIAL BALANCE (ADJUSTED)

	£	s	d	£	s	d
Bills Receivable	2 000	-	-			
Investments	14 000	-	-			
Stocks	600					
Sundry Debtors	3 000					
Payments in Advance	500					
Properties	25 000	-	-			
Profit and Loss (Balance)	21 200					
Rangoon Account	17 938	1	10			
Goods in Transit Account	821	18	2			
Cash at Bank	3 500					
Cash	40	-	-			
Share Capital				70 000		-
Bills Payable				5 500		-
General Reserves				8 000	-	-
Reserve for Debtors				100	-	-
Sundry Creditors				5,000		-
	£ 88,600	-	-	88 600		-

C_r

	£ s d	<u>£ s d</u>		<u>£ s d</u>		<u>£ s d</u>
To Rates Taxes and Insurance	472 10 7		Bv Trading Account		Gross Profit b/d	2 53 19
Less amt prepaid	8 10 6		Rent sub let		Transfer Fees	2 6
" Office and Manage t Salaries		467 1	Discount		Bal Bdr Less	14 7 3
Office Expenses		1 29 10				417 5 -
Carriage Outwards		217 14 11				
Lighting & Heating		314 11				
" Audit Fees and Legal Expenses		74 16 1				
Travelling Expenses		124 4 9				
Repairs		9 5 4 11				
Provison for Bad Debts Reserve	430 17 3					
Less Bal 1st Jan	315 9 4					
" Depreciat on— Plant and Mach (10% of £194' 13s 4d)	194 5 4	115 7 11				
Furniture and Fittings (5% of £134 6s 8d.)	6 14 4					
		00 19 8				
		£2 99 14 6				£ 992 14 6

CAPITAL AND LIABILITIES			PROPERTY AND ASSETS		
£	s	d	£	s	d
10 000 Ordinary Shares of £1 each	20	000	Freehold Premises	1 847	13 4
10 000 Ordinary Shares of £1 each fully called	10	000	Plant & Machinery	194	5 4
Less Calls in Arrear	250		Less Depreciation		
	9 750		Furniture & Fittings	134	6 8
Bills Payable	984	8 1	Less Depreciation	6	14 4
Sundry Creditors	3 410	5 9	Goodwill		
			Stock		
			Sundry Debtors	8 617	5 -
			Less Debtors Reserve	430	17 3
			Cash at Bank	240	9 10
			Cash in Hand	3	4
			Rept Sub-let		
			Insurance prepaid		
			Balance of Profit & Loss Account		
£	20 144	13 10	£	20 144	13 10

EXERCISE XV (F)—No 17.

The invoices for drums received will be recorded in an analysed Purchase Day Book, containing a money column and a number column for drums bought. The individual invoice totals should be posted to the credit of the accounts of the respective suppliers, and the total of the drums column to the debit of the Drums Account. On the issue of drums the charge therefor should be included in the invoice and entered in the Sales Day Book having two analysis columns in addition to the regular ones. These two columns should be used to analyse the charge for goods and for drums and provision should be made for a column giving facilities for ascertaining the total number of drums issued. The Returns Inwards Book should be analysed in the same way as the Sales Day Book. The respective drums columns totals in these two books should be posted to the credit and debit of the Drums Account. This Account would then appear as follows—

DRUMS ACCOUNT

Dr

Cr

	No of Drums	Price	Value		No of Drums	Price	Value
19. Jan 1				19 Jan 30			
				By Reserve against Debtors	b/d		
				Drums invoiced to Customers			
				Stock in Works—			
				Second hand Drum			
				New Drums			
				Stock in Customers' Hands			
				Profit and Loss Account			
June 30							

It will be necessary at balancing time to adjust the sundry debtors to their net value for goods sold by debiting the Drums Account with the drums in their hands at 6s each carrying down the £800 and deducting this figure from the gross debtors in the Balance Sheet. The value of the drums in the hands of debtors must then be taken into the Drums Account as stock at a valuation and their value shown in the Balance Sheet as stock of drums in the hands of customers.

EXERCISE XV (G)—No 1

JOURNAL

	£	s	d	£	s	d
Business Purchase Account To Vendor Purchase price of business	20 000			20 000		
Freehold Property	5 500					
Plant and Machinery	2 000					
Stock	7 000					
Office Furniture	200					
A Arnold	450					
N Norman	550					
Goodwill	5 550					
To Business Purchase Account Being sundry assets taken over				21 250		
Business Purchase Account To K Kirkdale N Norton Being creditors taken over	1 200			700		
				500		
Business Purchase Account To Bad Debts Reserve Reserve for bad debts created	50			50		
Vendor To Ordinary Share Capital A/c Preference Share Capital A/c Bank Being shares and cash paid in dis- charge of purchase price	20 000			10 000		
				5 000		
				5 000		
	£62 500			£62 500		

EXERCISE XV (G)—No 2

JOURNAL

	£	s	d	£	s	d
Business Purchase Account	40,000					
To Liquidator of old company				40 000		
Agreed price of business as per contract dated						
Liquidator of old company	40,000					
To Ordinary Share Capital Account				40,000		
40 000 fully paid £1 shares issued in satisfaction of purchase price of business as per contract dated						
Business Purchase Account	28,107					
To Sundry Creditors				24,725		
To Reserve for Bad Debts				1,382		
Creditors taken over and bad debts reserve of old company continued						
Patents and Trade Mark	6,003					
Plant and Machinery	21,674					
Stock	15,306					
Sundry Debtors	23,124					
To Business Purchase Account				66,107		
Transfer of assets acquired under contract dated						
	£172,214			£172,214		

TRADE AND PROFIT AND LOSS ACCOUNTS OF GEORGE RIDLEY LTD

FOR THE YEAR ENDED 31ST MARCH 1937

	£	s	d	£	s	d	
To Carriage on Sale							
Office Salaries				£			
Travellers Salaries and Commission					188		
Rates and Insurance					720		
Office Expenses					750		
Bad Debts					79		
Motor Lorries Running Expenses					494		
Directors Fees					528		
Depreciation of Motor Lorries					235		
Depreciation of Office Furniture					200		
	340						
	52				892		
					6 527		
Net Trading Profit carried to Section III							
				£10 110			
To Interest on Loan					0		
Preliminary Expenses written off					400		
Goodwill written off					752		
Net Profit					5 888		
					£6 527		

EXERCISE XV (G)—No. 3 (cont'd)

BALANCE SHEET OF GEORGE RIDLEY, LTD AS AT 31ST MARCH, 1937

CAPITAL AND LIABILITIES				ASSETS			
Authorized Capital— 50,000 Ordinary Shares of £1 each				Business Premises at cost Plant and Machinery at cost Less Depreciation			
£	s	d	£	s	d	10 000	575
Issued Capital— 35,000 Ordinary Shares of £1 each, fully paid				Motor Lorries at cost Less Depreciation			
				2 200 340			
Trade Creditors							
Reserves for—				Office Fittings at cost Less Depreciation			
Travellers' Commission				1 300 52			
Repairs							
Office Expenses							
Directors' Fees							
Profit and Loss Account Balance				Stock in Trade Bills Receivable Sundry Debtors Less Reserve for Bad Debts			
				8 200 410			
				Cash at Bank Cash in hand			
				2 264 92			
				Insurance paid in advance Goodwill at cost Less Amount written off			
				2 256 752			
				Preliminary Expenses at cost Less Amount written off			
				800 400			
				£45 078			

EXERCISE XV (G) No 4

ORDINARY SHARE CAPITAL ACCOUNT

Dr	By Balance		£	s	d
	£		62	500	
					100 000

To Capital Reduction Account—
 Paid in lieu of 100 000 shares from £1 to 7s 6d

UNDEVELOPED SHARE CAPITAL ACCOUNT

Dr	£	s	d	By	£	s	d
To Capital Reduction Account— Reduction of 50 000 shares from £1 to 15s	12	500	—	By Balance	50	000	—

CAPITAL REDUCTION ACCOUNT

CAPITAL REDUCTION ACCOUNT	
<i>Dr</i>	<i>Cr</i>
To Interest on Expenses	
To Profit and Loss Account	
To Stock in Trade	
	By Ordinary Share Capital Account
	Preference Share Capital Account
	£ 62 500
	12 500
	£75 000

INFORMATION EXPENSES

FORMATION EXPENSES			
Dr	£	s	d
	6 000	-	-
	By Capital Reduction Account		
To Balance			

EXERCISE XV (C) -- No. 4 (cont'd.)

CONTROL AND LOSS ACCOUNT

PROFIT AND LOSS ACCOUNT			
To Balance	£	s	d
By Carriage Inwards	100	0	0
	100	0	0

— JOURNAL (N-1111).

<i>Dr</i>	STOCK IN-LIABILITY				<i>Cr</i>
	<i>l</i>	<i>b</i>	<i>d</i>	<i>s</i> (<i>xx</i>)	<i>d</i>
By Balance	74 000	.	.		
				By Capital Reduction Account	

BALANCE SHEET OF AUTOXGOWILL MOTOR CO LTD (AND REDUCED) AS AT 31ST MARCH 1911.

[illegible]

EXERCISE XV (G) - No 5

JOURNAL OF STRUCTURES LTD

	£	s	d	£	s	d
Erectors Ltd	122 800	-	-			
To Realization Account				122 800		
Being agreed purchase price of business assets						
Realization Account	130 300	-	-			
To Freehold Premises				40 000		
Plant and Machinery				50 000		
Stock in Trade				14 700		
Work in Progress				8 300		
Sundry Debtors				10 280		
Cash at Bank and in Hand				1 970		
Assets sold to Erectors Ltd						
Sundry Creditors	19 800					
To Erectors Ltd				19 800	-	-
Creditors taken over by Erectors Ltd						
Shares in Erectors Ltd	37 500	-	-			
To Erectors Ltd				37 500		
30 000 Shares in Erectors Ltd at 2s each issued to outside shareholders in Structures Ltd						
Share Capital Account	37 500	-	-			
To Shares in Erectors Ltd				37 500	-	-
Distribution to shareholders of Shares in Erectors Ltd						
Share Capital Account	50 000	-	-			
To Realization Account				7 500	-	-
Profit and Loss Account				42 500	-	-
Transfer of losses						
Debentures	53 000	-	-			
Share Capital Account	12 500	-	-			
To Erectors Ltd				65 500	-	-
Cancellation of Debentures and Share held by Erectors Ltd						
	463 400			463 400		

EXERCISE XV (G)—No 5 (contd)

JOURNAL OF ERECTORS, LTD

	£	s	d	£	s	d
Business Purchase Account .	103 000	-	-			
To Structures, Ltd . . .				103,000	-	-
Agreed purchase price of business						
Business Purchase Account .	19,800	-	-			
To Sundry Creditors . .				19 800	-	-
Liabilities taken over						
Freehold Premises	35,000	-	-			
Plant and Machinery . . .	47,500	-	-			
Stock-in Trade	14,700	-	-			
Work in Progress	8 350	-	-			
Sundry Debtors	15 280	-	-			
Cash at Bank and in Hand	1,970	-	-			
To Business Purchase Account				122,800	-	-
Transfer of assets acquired						
Structures, Ltd	103 000	-	-			
To Share Capital Account				30,000	-	-
„ Share Premium Account				7,500	-	-
„ Investments—						
Debentures in Structures Ltd				53,000	-	-
Shares in Structures Ltd				12,500	-	-
30,000 Shares issued at 25s each including 5s premium and cancellation of Debentures and Shares						
Profit and Loss Account	5,000	-	-			
To Shares in Structures, Ltd				5 000	-	-
Loss on investment written off						
	£353 600	-	-	£353 600	-	-

EXERCISE XV (G)—No 6

(a) Strictly speaking there should have been an actual stocktaking on 1st June 1936 and Final Accounts prepared then. As however this has not been done, the profits for the year ended 30th September 1936 should be ascertained. If any amount has been charged in these accounts for directors remuneration it should be added back to the profit for the year, the resulting figure being apportioned between the pre-incorporation and the incorporation period in the proportions that the pre-incorporation period turnover and the incorporation period turnover bear to the total turnover. Assuming the net profit for the year after charging £700 for directors' fees is £7,000 and the turnover is £70,000, of which £40,000 was effected before 1st June 1936, the pre-incorporation profits will be—

$$\frac{£7,000 + £700}{70,000} \times 40,000 = \frac{£7,700 \times 4}{7} = £4,400$$

The remainder of the profit is attributable to the post-incorporation period.

(b) The pre-incorporation profits should be put to the credit of a Capital Reserve Fund.

EXERCISE XV (G)—No 7

JOURNAL

	£	s	d	£	s	d
Business Purchase Account To Vendors (X and Y) Agreed purchase price of business	18 500			18 500		
Business Purchase Account To Sundry Creditors Bills Payable Loan on Mortgage Reserve for Bad Debts Liabilities and reserve taken over	6 600			3 500 400 2 200 500		
Bank Sundry Debtors Bills Receivable Stock in Trade Plant and Machinery Land and Buildings Patterns and Models Loose Tools To Business Purchase Account Transfer to asset accounts of assets acquired	300 5 500 500 7 000 3 500 3 000 1 000 800			21 600		
Goodwill To Business Purchase Account Value of goodwill represented by balance of Business Purchase Account	3 500			3 500		
Vendors (X and Y) To Ordinary Share Capital Account 5½ per cent Cumulative Preference Share Capital Account Issue of 12 000 Ordinary Shares and 5 000 Preference Shares in part satisfaction of purchase price of business	17 000			12 000 5 000		
	£67 200			£67 200		

Dr	CASH BOOK	Cr
To Balance	300 | s | d	By Vendors (X and Y) | 1 500 | s | d

EXERCISE XV (G) No 7 (cont'd)

BALANCE SHEET OF THE RAPID ENGINEERING CO LTD AS AT 1ST JANUARY 19

[illegible]

EXERCISE XV (G)—No 8 (cont.)

BALANCE SHEET OF A B LTD AS AT 31ST DECEMBER, 1939

[illegible]

EXERCISE XV (G) No 9

JOURNAL

	£	s	d	£	s	d
Share Capital Account To Capital Reduction Account 60 000 Shares of £1 each fully paid reduced to 60 000 Shares of 5s each fully paid as per resolution dated	45 000		-	45 000		
Premium on Shares Account To Profit and Loss Account Transfer of premium as per resolu- tion dated	600		-	600		
Capital Reduction Account To Profit and Loss Account Goodwill Plant and Machinery Stock Reserve for Bad Debts Freehold Property Amounts written off as per resolu- tion dated	45 000		-	19 650 10 000 9 240 4 094 1 500 516		
	<u>£90 600</u>			<u>£90 600</u>		

BALANCE SHEET

	£		£	£
<i>Capital—</i> Authorized and Is- sued 60 000 Shares of 5s each fully paid		Freehold Property		8 514
Sundry Creditors	15 000	Plant and Machin- ery		10 000
	40 350	Stock	21 290	16 376
		Sundry Debtors		
		Less Reserve for Bad Debts	1 500	
		Cash		19 790
	<u>£55 350</u>			<u>670</u>
				<u>£55 350</u>

EXERCISE XV (G)—No 10

(i) A company issuing bonus shares is enabled to utilize the assets represented by the profit made as additional working capital. From the shareholders' point of view they receive shares which they can turn into cash by selling them if they so desire their original holdings still remaining intact.

If the profits are not largely increased the distribution of profits over a larger number of shares will reduce the rate of dividend paid. This may be considered expedient to conceal from workers the fact that high dividends are being paid. If the company desires to maintain the same rate of dividend

as before it will have considerably to modify its reserve policy unless it earns larger profits

The issue of bonus shares may encourage speculative dealings in the shares, and cause the market value of the shares to fall though the market value of the total holding may be greater

No sur tax is payable on a bonus share distribution

(n)

JOURNAL

	£	s	d	£	s	d
Reserve Account To Bonus Account Bonus payable out of reserve in fully paid shares as per resolution dated	10 000	-	-	10,000	-	-
Bonus Account To Share Capital Account Issue of 10 000 bonus shares of £1 each in payment of bonus at the rate of one bonus share for every ten shares held in the company on an issued capital of £100,000	10 000	-	-	10 000	-	-
	£20,000	-	-	£20 000	-	-

EXERCISE XV (G)—No 11

JOURNAL

19		£	s	d	£	s	d
	Reserve Account To Bonus Account Bonus payable out of Reserve in fully paid shares as per resolution	40 000	-	-	40 000	-	-
	Bonus Account To Share Capital Account Issue of 40 000 bonus shares of £1 each in payment of bonus at the rate of 1 bonus share for every 5 shares held	40,000	-	-	40 000	-	-
		£80,000	-	-	80 000	-	-

EXERCISE XV (G)—No 12

JOURNAL

19		£ s d			£ s d		
		£	s	d	£	s	d
	Final Call Account To Share Capital Call of 5s per share on 150 000 shares as per resolution	37 500	—	—	37 500	—	—
	Reserve Fund Account To Bonus Account Bonus of 33½% on £112 500 paid up capital	37 500	—	—	37 500	—	—
	Bonus Account To Final Call Account Application of bonus in payment of final call	37 500	—	—	37 500	—	—
		£112 500			£112 500		

EXERCISE XV (G)—No 13

JOURNAL

		£ s d			£ s d		
		£	s	d	£	s	d
	Ordinary Share Final Call Account To Ordinary Share Capital Acct Call of 3s 4d per share on 100 000 shares as per resolution dated	16 666	13	4	16 666	13	4
	Reserve Fund To Bonus Account Bonus of 20 per cent on £83 333 6s 8d paid up Capital declared out of reserve fund as per resolution dated	16 666	13	4	16 666	13	4
	Bonus Account To Ordinary Share Final Call A/c Application of Bonus to discharge of Final Call as per resolution dated	16 666	13	4	16 666	13	4
		£50 000			£50 000		

EXERCISE XV (C)—No. 14.

JOURNAL OF BLACK & WHITE

(The entries to close books of old firm)

19		£	s	d	£	s	d.
	Realization Account . . .	50,950	-	-			
	To Land and Buildings . . .				22 065	-	-
	" Machinery and Plant . . .				12,800	-	-
	" Stock . . .				10,760	-	-
	" Sundry Debtors . . .				4 250	-	-
	" Investments . . .				1,075	-	-
	A Company . . .	60,000	-	-			
	To Realization . . .				60,000	-	-
	Bank (for sale of Investments) . . .	1,075	-	-			
	To Realization . . .				1,075	-	-
	Realization Account . . .	10,125	-	-			
	To J Black . . .				5,062	10	-
	($\frac{1}{2}$ share of profit on Realiza- tion)						
	" W White . . .				5,062	10	-
	($\frac{1}{2}$ share of profit on Realiza- tion)						
	Bank . . .	10 000	-	-			
	Shares in A Company . . .	50 000	-	-			
	To A Company . . .				60 000	-	-
	Sundry Creditors . . .	3,700	-	-			
	To Bank . . .				3,700	-	-
	J Black's Capital Account . . .	30,000	-	-			
	W White's Capital Account . . .	20,000	-	-			
	To Shares in A Company . . .				50,000	-	-
	J Black's Capital Account . . .	5 062	10	-			
	W White's Capital Account . . .	5,062	10	-			
	To Bank . . .				10 125	-	-
		£245 975	-	-	£245 975	-	-

JOURNAL OF A COMPANY

(The entries to open the books of the new company)

19..		£	s	d	£	s	d.
	Land and Buildings . . .	22 065	-	-			
	Machinery and Plant . . .	12 800	-	-			
	Stock . . .	10 760	-	-			
	Sundry Debtors . . .	4 250	-	-			
	Goodwill . . .	10,125	-	-			
	To J White & W Black . . .				60 000	-	-
	(Vendors)						

EXERCISE XV (G)—No 14 (*contd*)JOURNAL OF A COMPANY—(*contd*)
(*The entries to open the books of the new company*)

19		£	s	d	£	s	d
	Messrs J White & W Black (Vendors) To Ordinary Share Capital Bank	60 000			50 000 10 000	-	-
	Sundry Shareholders To Ordinary Share Capital	50 000	-		50 000		
	Bank To Sundry Shareholders	50 000			50 000		-
		£220 000	-	-	£220 000		

EXERCISE XV (G)—No 15

JOURNAL OF THE BIRGET ENGINEERING CO LTD

19 July		£	s	d	£	s	d
	Application A/c (Ordinary Shares) To Ordinary Share Capital £1 per share on 1 100 shares	1 100	-		1 100	-	
	Application A/c (Preference Shares) To Preference Share Capital £1 per share on 5 000 shares	5 000			5 000	-	-
9	Allotment A/c (Ordinary Shares) To Ordinary Share Capital £4 per share on 1 100 shares	4 400			4 400	-	
9	Allotment A/c (Preference Shares) To Preference Share Capital £2 per share on 5 000 shares	10 000	-		10 000	-	-
9	Patents A/c To Sharp & Short (Vendors)	40 000			40 000	-	-
9	Sharp & Short (Vendors) To Ordinary Share Capital For issue of 3 900 shares of £10 each as fully paid to vendors in part payment of purchase price of patents	39 000	-		39 000		-
Oct 9	First Call A/c (Ordinary Shares) To Ordinary Share Capital £5 per share on 1 100 shares	5 500	-		5 500	-	-
" 9	First Call A/c (Preference Shares) To Preference Share Capital £2 per share on 5 000 shares	10 000	-		10 000	-	-
		£115 000	-	-	£115 000	-	-

EXERCISE XV (G)—No 15 (contd.)

Dr.

CASH BOOK

Cr.

	Bank			Bank.	
	£	s d		£	s d.
19. July .			19 July 9		
To Application A/c (Ordinary Shares)	1 100	-	By Sharp & Short (Vendors)	1 000	-
" Application A/c (Preference Shares)	5 000	-	" Balance c/d .	34 800	-
" Allotment A/c (Ordinary Shares)	4 400	-			
" Allotment A/c (Preference Shares)	10 000	-			
Call A/c (Ordinary Shares)	5 500	-			
Call A/c (Preference Shares)	9 800	-			
	£ 35 800	-		£ 35 800	-
July To Balance b/d	34 800	-			

THE BIRCH ENGINEERING CO LTD
BALANCE SHEET AS AT 31st OCTOBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	s d	£	s d.
Nominal and Issued Capital—		Patents	
5 000 Ordinary Shares of £10 each fully paid	50 000	Cash at Bank	40 000
5 000 Preference Shares of £5 each fully called	25 000		34 800
Less Calls in Arrears . .	200		
	£ 74 800		£ 74 800

EXERCISE XV (G)—No 16

JOURNAL

19			s	d	£	s	d
Jan	1	Business Purchase Account To Vendor's Account For purchase price of business as per agreement dated 1st Jan	60 000		60 000		
"	1	Stock in Trade	10 000				
		Machinery and Plant	25 000				
		Loose Tools	4 000				
		Bills Receivable	2 500				
		Cash at Bank	5 000				
		Goodwill	10 000				
		Sundry Debtors	20 000				
		To Business Purchase Account For assets acquired as per agree- ment			76 500		
"	1	Business Purchase Account To Sundry Creditors Bills Payable Bad Debts Reserve For liabilities taken over as per agreement	16 500		10 000 5 000 1 500		
"	1	Vendor's Account To Ordinary Share Capital 25 000 shares of £1 each issued as fully paid to vendor To 5% Debentures 250 bonds of £100 each repay- able in 10 years at 105 issued as fully paid to vendor	50 000		25 000 25 000		
"	1	Application Account (Ord. Shares) To Ordinary Share Capital 10/- per share on 15 000 shares	7 500		7 500		
"	1	Allotment Account To Ordinary Share Capital 10/- per share on 15 000 shares	7 500		7 500		
		TOTAL OF JOURNAL	218 000		218 000		

EXERCISE XV (G)—No 16 (contd.)

Dr		CASH BOOK				Cr		
		Bank				Bank		
		£	s	d		£	s	d
19 Jan 1	To Balance	5 000	-	-	19 Feb 1	By Vendor	10 000	-
	" Application Account	7 500	-	-		(Balance of purchase money)	9,850	-
	" Allotment Account	7 350	-	-		" Balance c/d	19 850	-
		£ 19 850	-	-				

Note —The totals of Journal above differ from the answer given in *Advanced Accounts*. The figures in the textbook are arrived at as follows—

	Debit Side	Credit Side
	£	£
Total of Assets (including Goodwill)	76,500	
Total of Liabilities (including Vendor's Account)		76 500
Journal Entries for—		
(a) Vendors' Shares and Debentures	50 000	50,000
(b) Application Account	7,500	7,500
(c) Allotment Account	7,500	7,500
JOURNAL as Textbook Answer	£141,500	£141 500

EXERCISE XV (G)--No 17 (cont'd)

THE JOHN SMITH AND STEPL NIB CO LTD

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.. Cr

	£	s	d	£	s	d	£	s	d
To Rent									
" Rates and Taxes				£	76	-			
" Salaries				211	-	-			
" Discounts Allowed				917	-	-			
Less Amount on Debts guaranteed by J Smith	1 033	-	-						
Office Expenses	239	-	-						
Directors' Fees				794	-	-			
" Bad Debts	206	-	-	1 006	-	-			
Less Amount guaranteed by J Smith	187	-	-	200	-	-			
Auditors' Fees				19	-	-			
Bad Debts Reserve (5% of £12 380)				100	-	-			
Depreciation—				619	-	-			
Preliminary Expenses (£ of £400)	100	-	-						
Machinery and Plant (8% of £11,650)	932	-	-						
Leasehold Premises ($\frac{1}{10}$ of £7 500)	375	-	-						
Balance, NET Profit c/d				1 407	-	-			
				1 322	-	-			
				£6 671	-	-			
							£	s	d
							6,110	-	-
							561	-	-
							£6 671	-	-

EXERCISE XV (C) No 17 (contd.)

THE JOHN SMITH AND SONS LTD

Balance Sheet as at 31st December 19

CAPITAL AND LIABILITIES		£		£	s	d	PROPERTY AND ASSETS		£	s	d
<i>Nominal Capital</i>							Leasehold Premises				
80 000 Shares of £1 each		80 000					Less Depreciation		7 500		
									375		
<i>Issued Capital—</i>							Machinery and Plant		11 650		
45 000 Shares of £1 fully called		45 000					Less Depreciation		932		
Less 200 Shares forfeited		200					Goodwill				
							Stock		44 800		
Forfeited Shares Account							Sundry Debtors		100		
Sundry Creditors							Less Bad Debts Reserve		4 467		
<i>Profit and Loss Account—</i>							John Smith (for amounts guaranteed by him)		1 322		
Balance available for distribution							Cash at Bank				
							Preliminary Expenses		400		
							Less £ written off		100		
									300		
									£ 50 689		
									£ 50 689		

EXERCISE XV (G) No 18 (cont'd)

BALANCE SHEET

	£	s	d	f	s	d	f
CAPITAL AND LIABILITIES							
Nominal Capital—							
125 000 6% Preference Shares of £1	125 000	-	-				28 000
125 000 Ordinary Shares of £1	125 000	-	-				25 000
	£250 000						25 000
Issue of Capital—							42 000
125 000 6% Preference Shares				125 000			140 000
125 000 Ordinary Shares				125 000			45 000
Share Premium Account				6 250			36 250
Loans on Mortgage				45 000			
Trade Credit etc.				40 000			
				£341 250			£341 250
PROPERTY AND ASSETS							
Freehold Land and Buildings							
Machinery and Plant							
Advertising Plates etc							
Goodwill							
Stocks & Materials in Progress							
Sundry Debtors							
Bank							

EXERCISE XV (G) No 19

RTALIZATION ACCOUNT1

	19	19	
	£	£	£
To Sundry Assets			
As Capital Account	13 750		
(Share of profit) £	800		
Os Capital Account	400		
(Share of profit) £			
	£ 14 950		£ 14 950
			-
			-

EXERCISE XV (G) —No 19 (contd)

CASH ACCOUNT										
Dr					Cr					
19			£	s	d	19		£	s	d.
	To Realization .	.	.	.	-		By Sundry Creditors			3 750
							," A s Capital Account			6 800
							," O s Capital Account			4,400
			£	14 950	-			£	14 950	-

" A receives £6 800 = (Capital Balance £6 000 + Share of Profit on Realization £800)
 " O receives £4,400 = (Capital Balance £4 000 + Share of Profit on Realization £400).

EXERCISE XV (G)—No 20

four months or $\frac{1}{4}$ of the profit viz £1 900 being profit prior to incorporation would not be available for dividend
 £4 800 could be appropriated for distribution

EXERCISE XV (G) No 21

Dr PROFIT AND LOSS ON REALIZATION ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Realization Account (Liabilities £25 86s Less Assets £21 8 2½)	3 840	10			By Capital Accounts R ½ of Loss S ½ of Loss T ½ of Loss	960 19 0 960	0 3 0	6 6
		(3 840)	10				(3 840)	10	

Dr CASH ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Realization Account	0 00				By Sundry Creditors R Loan Account Capital Accounts— R S	5 500 2 163 8 981 4 405		
		£ 10 00					£ 10 00		

Dr R s LOAN ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Cash	2 163				By Balance of Loan and Share of Profit Interest @ 6	2 100 63		
		£ 2 163					£ 2 163		

Dr R s CAPITAL ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Share of Loss on Realization Share of T's O e drawn Account Cash	960 10 03 8 981	0 16 3	6 6		By Balance	11 000		
		£ 11 000					£ 11 000		

Dr S s CAPITAL ACCOUNT *Cr*

19		£	s	d	19		£	s	d
	To Share of Loss on Realization Share of T's Over drawn Account " Cash	1 970 673 4 405	5 16 19			By Balance	7 000		
		£ 7 000					£ 7 000		

EXERCISE XV (G)—No 21 (contd)

T's CAPITAL ACCOUNT

Dr				(OVERDRAWN)				Cr			
19		£	s.	d.	19			£	s.	d.	
	To Balance	750				By Capital Accounts—					
	" Interest @ 6%	22	10	—		R ₁ 1/4 share		1,008	16	6	
	" Share of Loss on Realization	960	2	6		S ₁ 3/4 share		673	16		
		£1,732	12	6				£1,732	12	6	

EXERCISE XV (G)—No 22

THE AL MANUFACTURING CO., LTD

TRADING AND PROFIT AND LOSS ACCOUNT

Dr				Cr			
	£	s.	d.		£	s.	d.
To Stock, 1st April	8 621			By Sales	33 608		
" Purchases	11 920			" Stock, 1st March	8,102		
" Manufactg Wages	9,897						
" Coal and Coke	2,600						
" Balance, Gross Profit, c/d	5 622						
	£ 38,710				£ 38,710		
To Discounts	801			By Trading Account, Gross Profit, b/d	5 622		
" Salaries and Commission	1 266						
" Rent, Rates, Taxes, and Insurance	893						
" Bank Charges	138						
" Directors Fees	200						
" Debiture Interest	300						
" Sundry Expenses	140						
" Bad Debt	98						
" Discount Reserve on Debtors (5% of £8,240)	412						
" Depreciation—Fixed Plant and Machinery (5% of £3 920)	296						
" Loose Tools, etc (7 1/2% of £2,280)	171						
" Bal., Net Profit	467						
	£5,622				£5,622		

EXERCISE XV (G)—No 22 (contd)

THE XL MANUFACTURING CO LTD
BALANCE SHEET AS AT 31ST MARCH 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
	£ s d		£ s d
Nominal Capital—		Freehold Land and Buildings	8 650
10 000 6% Preference Shares of £1 each	0 000	Fixed Plant and Machinery	990
15 000 Ordinary Shares of £1 each	15 000	Less Depreciation	290
	<u>£15 000</u>	Furniture and Office Furniture	250
Issued Capital		Goodwill	5 000
10 000 6% Preference Shares fully paid	10 000	Loose Tools and Utensils	280
15 000 Ordinary Shares paid	15 000	Less Depreciation	1 100
	<u>25 000</u>	Stock	8 40
5% Debentures	6 000	Sundry Debtors	412
Bank Overdraft	2 640	Less Discount Reserve	
Sundry Creditors	2 140	Bills Receivable	971
Contingencies of I.R.—		Cash in Hand	80
1% on Debenture Interest	4		
Reserve	1 000		
Profit and Loss Account			
Balance 1st April	974		
Add Current Year Profit	811		
	<u>£38 616</u>		<u>£38 616</u>

EXERCISE XV (G)—No 24

A COMPANY LIMITED

TRADING ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Stock 1st Jan				3 417	8	9	By Sales	24 141	14	5			
Purchases	9 716	10	4				Less Returns						
Less Returns Outward	114	5	11				Inwards	316	10	—	23 8 ⁰⁰	4	5
Carrage Inwards				9 602	4	5	Stock				2 9 ⁰²	9	7
Manufactg Wages				198	4	7							
Expenses				3 498	12	—							
Factory Fuel and Power				945	14	3							
Balance Gross Profit c/d				1 ⁰⁷	10	—							
				9 000	—	—							
				£ 23 1 ⁰⁷	14	—					£ 23 1 ⁰⁷	14	—

A COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

Dr FOR THE YEAR ENDED 31ST DECEMBER 19 . Cr

	£	s	d	£	s	d		£	s	d	£	s	d
To Salaries				1 596	10	4	By Trading Account				9 000	—	—
Works Managers							Gross Profit b/d						
Comms (1% of £9 000)				90	—	—							
Carr Outwards				215	6	11							
General Exps				814	5	—	Appropriation Account (Credit Side)						
Rates Taxes and Insurance				368	10	10	By Bal 1st April	743	6	—			
Lighting and Heating				98	14	7	Current Year's Profit	4 545	15	—			
Stable Expenses				247	6	11							
Discount				9 ⁰⁰	4	1							
Bad Debts				148	9	6							
Interest and Bank Charges				47	10	—							
Provision for Bad Debts (5% of £7 814 10s 0d)				390	14	6	(Debit Side)						
Depreciation—Plant & Machinery (10% of £1 972 10s 0d)	197	5	—				To General Managers Comm (5% of £4 545 15s 0d)	227	5	9			
Furniture etc (5% of £947 6s 8d)	47	7	4				Balance to Balance Sheet	4 061	15	3			
Horses & Carts	100	—	—										
Balance Net Profit c/d				344	12	4							
				£ 545	15	—							
				£ 9 000	—	—					£ 9 000	—	—

EXERCISE XV (G)—No 25

TRADING AND PROFIT AND LOSS ACCOUNTS OF ROSE
PINK & LILLEY

Dr

FOR THE YEAR ENDED 31st MARCH 1937

Cr

	£	s	d	£	s	d		£	s	d		
To Stock 31st March 1936				6	29	1	By Sales	45	69	1		
Purchases				3	0	8	Stock 31st March 1937	5	2	7		
Gross Profit carried to Section II				7	5	8						
				£50	9	8		£50	9	8		
To Salaries & Wages				1	8	2	By Gross Profit from Section I	7	5	8		
Heating and Lighting					8	6						
Telephone and Insurance						9						
Office Expenses					1	1						
Van Expenses					1	9						
Rent and Rates					4	7						
Postages and Stationery						10						
Advertising					3	4						
Bank Charges						8						
Bad Debts					3	2						
Depreciation of Vans	1	4	1									
Depreciation of Furniture and Fittings		1	3			7						
Net Trading Profit carried to Section III						3	6	7				
						£7	5	8		£7	5	8
To Interest on Capital							By Net Trading Profit from Section II	4	6	7		
Rose	3	1	2									
Pink		1	6			4						
Net Profit—						4						
Rose	1	5	9									
Pink	1	0	4									
Lilley		4	3									
						£3	6	7		£3	6	7

SMITH & BROWN
JOINT ADVENTURE WITH BROWN

Cr

Dr	Amo nt	Mo ths	Interest	Amo nt	Mo ths	Interest
1915 Dec 31	£ 4 000		£ 100	£ 000		£ 25
1916 Jan 1	70	6	115	3 118 15 10	4	26 15
June 30	972	10	£101 15	£5 118 15 10		£ 01 15
	£5 118 15 10					
To P r base of J m n r			1915 Dec 31	By Draft o Brown d e 3rd Apr 1 1936		
Doct a d Wharfage				By Balan ce of I terest		
Charge				Ch que from Brown		
Balance of Interest						
Share of I r of t						

BROWN & BROWN
JOINT ADVENTURE WITH SMITH

Cr

Dr	Amo nt	Mo ths	Interest	Amo nt	Mo ths	Interest
1915 Dec 31	£ 00		£ 25	£ 200		£ 25 16 8
1916 Jan 1	110	6	6 8	£ 25 16 8	1	£ 25 16 8
June 30	972	10	£25 16 8	£ 25 16 8		£ 25 16 8
	£ 00 16 8					
To Ac c n e c t a l due 31			1915 Dec 31	By Sale of Timber		
Apr 1 1915				B l a e of I terest		
I x p n e						
Ital						
Share of I r of t						
Ch que to Sm th						

JOINT VENTURE ACCOUNT BETWEEN SMITH AND BROWN

Dr	Amo nt	Mo ths	Interest	Amo nt	Mo ths	Interest
1915 Dec 31	£ 4 000		£ 100	£ 000		£ 25
1916 Jan 1	70	6	115	3 118 15 10	4	26 15
June 30	972	10	£101 15	£5 118 15 10		£ 01 15
	£5 118 15 10					
To P r base of J m n r			1915 Dec 31	By Draft o Brown d e 3rd Apr 1 1936		
Doct a d Wharfage				By Balan ce of I terest		
Charge				Ch que from Brown		
Balance of Interest						
Share of I r of t						

Sale of Timber
Cost of Timber
Dock and Wharfage
Expenses paid by Brown
Interest due to Smith
Interest due from Brown

Half Profit due to Smith
Half Profit due to Brown

EXERCISE XV (G)—No 28

BRUCE BROS & CO
BALANCE SHEET AS AT 31ST DECEMBER 19 .

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS			
£	s d	£	s d	£	s d
<i>Nominal Capital</i> —		Land and Buildings		282 000	
4 000 Shares of £100 each	—	Plant Account		78 580	
<i>Issued Capital</i> —		Goodwill		15 000	
3 700 Shares of £100 each	—	Stock		9 000	
called up	—	Sundry Debtors		28 000	
<i>Less</i> Calls in Arrears	—	Investments		8 450	
		Cash		6 200	
		Preliminary Expenses		1 250	
4½% Debentures—					
2½ Bonds of £1 000 each					
Reserve Fund					
Sundry Creditors					
<i>Profit and Loss Account</i> —					
Balance available for distribution				£428 480	
				£428 480	

EXERCISE XV (G)—No 29

CHATENAY'S BOOKS

JOURNAL

	£	s	d	£	s	d
Business Purchase Account Dr	120,000	—	—	120,000	—	—
To Vendor (Abel Chatenay)						
Freehold Works Dr	36,000	—	—			
Machinery and Plant Dr	37,860	—	—			
Sundry Debtors Dr	18,764	—	—			
Stock Dr	22,440	—	—			
Cash in hand Dr	976	—	—			
Goodwill Dr	20,000	—	—			
To Business Purchase Account .				136,040	—	—
Business Purchase Account Dr	16,040	—	—			
To Sundry Creditors				14,040	—	—
„ Bank Loan				2,000	—	—
Vendor (Abel Chatenay)	90,000	—	—			
To Ordinary Share Capital				40,000	—	—
Issue of 40 000 ordinary shares of £1 each, fully paid in part payment of purchase price of business						
To 6% Preference Share Capital				50,000	—	—
Issue of 50 000 6% preference shares of £1 each, fully paid in part payment of purchase price of business						
	£362 080	—	—	£362 080	—	—

LEDGER

BANK ACCOUNT							
Dr				Cr			
To Ordinary Share Capital	£	s	d	By Vendor	£	s	d
Preference Share Capital	60 000	—	—	Balance c/d	30 000	—	—
	50 000	—	—		80,000	—	—
	£110 000	—	—		£110 000	—	—
To Balance b/d	£80 000	—	—				

Dr	BUSINESS PURCHASE ACCOUNT				Cr				
		£	s	d			£	s	d
To Vendor (A. Chatenay)		120 000	-	-	By Freehold Works		26 000	-	-
" Sundry Creditors		14 040	-	-	" Machinery etc		37 860	-	-
" Bank Loan		2 000	-	-	" Sundry Debtors		18 764	-	-
					" Stock		22 440	-	-
					" Cash in hand		976	-	-
					" Goodwill		20 000	-	-
		£136 040	-	-			£136 040	-	-

EXERCISE XV (G)—No 29 (*contd*)

Dr		VENDOR'S (ABEL CHATEWAY) ACCOUNT			Cr		
To Cash	£	s	d	By Bus net's Purchase Account	£	s	d
Ordinary Share Capital	30,000	-	-		120,000	-	-
" Pref. Share Capital	40,000	-	-				
	50,000	-	-				
	£120,000	-	-		£120,000	-	-

Dr.		ORDINARY SHARE CAPITAL ACCOUNT				Cr		
To Balance c/d	£	100 000	s	d	By Vendor	£	s	d
					" Cash	40 000		
						60 000		
		£100 000	-	-		£100 000	-	-
					By Balance b/d	£100 000	-	-

Dr		6% PREFERENCE SHARE CAPITAL ACCOUNT				Cr	
To Balance c/d	£	100 000	s	d	By Vendor	£	50 000
					" Cash	50 000	
		£100 000	-	-		£100 000	-
					By Balance b/d	£100 000	-

EXERCISE XV (G)—No 30

X CO., LTD

BALANCE SHEET AS AT 31ST DECEMBER 19..

CAPITAL AND LIABILITIES		£	s	d	PROPERTY AND ASSETS		£	s	d
Nominal Capital—					Property		28,000	-	-
60,000 Shares of £1 each	£60,000				Stock		8,000	-	-
Issued Capital—					Goodwill (equal to Two Years Purchase of average profits)		7,000	-	-
47,500 Shares of £1 each fully paid	47,500	-	-		Debtors		7,000	-	-
Sundry Creditors	3,000	-	-		Cash at Bank		500	-	-
					Preliminary Expenses		2,000	-	-
	£50,500	-	-				£50,500	-	-

Preliminary Expenses, in this case, consists of—

- Cost of registration
- Law costs
- Printing and stationery.

EXERCISE XV (G) No 32

JOURNAL

		£	s	d	£	s	d
19							
July 1	Freehold Buildings	20 000					
	Buildings	15 000					
	Plant etc	17 500					
	Work in Progress	22 500	-				
	Stocks	20 000					
	Sundry Debtors	14 250					
	Bank	5 735	-				
	Cash	15					
	To Vendor Account				100 000		-
	Sundry Creditors				3 050		-
	Capital Reserve				11 950		-
	Assets and Liabilities taken over as at this date						
		£115 000			£115 000		

EXERCISE XV (G) No 33

JOURNAL

		£	s	d	£	s	d
Share Capital Account	Dr	18 750					
To Profit and Loss Account					18 750		-
Reduction of 75 000 Shares of £1 each fully paid to 75 000 Shares of 15s each fully paid as per Order of the Court dated							

Dr

CONTRACT No 1

Cr

		£	s	d		£	s	d
10	Purchases Wages and Salaries Sundry Expenses Plant and Machinery Balance (estimated Profit)	30 000 43 0 0 2 000 5 000 1 500			10	By Work certified for $\frac{£60\,000 \times 100}{90}$ Materials on hand and work done (not certified for) Plant and Machinery (less 10% Depreciation)	75 000 2 500 4 500	- - -
		£82 000				£82 000		

Dr

CONTRACT No 2

Cr

		£	s	d		£	s	d
19	Purchases Wages and Salaries Sundry Expenses Plant and Machinery Balance (estimated Profit)	80 000 56 000 1 500 3 500 11 150			19	By Work certified for $\frac{£120\,000 + £20\,500}{100}$ Materials on hand etc Plant and Machinery (less 10% Depreciation)	142 500 6 500 3 150	- - -
		£152 150				£152 150		

EXERCISE XV (G)—No 36

HEAD OFFICE JOURNAL

19..		£	s	d	£	s	d
	Australian Manager To Bank	5 000	-	-	5 000	-	-
	Capital Expenditure Account—WAGES To Australian Manager	1 000	-	-	1,000	-	-
	Capital Expenditure To Stores Account	500	-	-	500	-	-
	<i>Mining and Milling Account—</i>						
	Wages £1 200						
	Salaries 500						
	Sundry Expenses 200						
		1,900	-	-			
	Stores Account	1 500	-	-			
	To Australian Manager				3 400	-	-
	Mining and Milling Account	700	-	-			
	To Stores Account				700	-	-
	Australian Manager To Bullion (Sales)	2 400	-	-	2 400	-	-
	Bullion (Stock)	500	-	-			
	To Bullion (Stock)				500	-	-
		£13 500	-	-	13 500	-	-

Dr	£		s		d		£		s		d	
	£	s	d	£	s	d	£	s	d	£	s	d
To Sales less — Material sold Unfinished Goods	11 264			19 71						31 278	946	
— Purchases Less Returns inward	8 457											
— Carriage outward	37 651			96 408						13 241		
— Add Cartage owing	1 243									4 192		
— Wages of Factory	3 460			3 972								
— Less Amount paid Advance	472											
— Cost of Electricity and Water	7 93			7 215								
— Boxes and Packing	84			1 917								
— Balance Goods left				624								
				19 246								
				£148 703								
To Rent Rates Taxes and Insurance	1 123											
— Advertising	150											
— Less Insurance unexpired	1 323											
— Man's Salary	197			1 126								
— Repairs to Machinery etc				150								
— Stationery				293								
— General Expenses				421								
— Postage and Stationery				939								
— Office Expenses				444								
— Advertising				4 276								
— Interest on Debentures				470								
— Directors Fees				239	10							
— Dividends Allowed				250								
— Stationery				1 231								
— Cost of Trade Catalogues				315								
— Bank Charges				258								
— Audit Fees and Legal Charges				17								
— Depreciation Reserve (amount provided)				274								
— Depreciation Reserve (21% of £18 442)				750								
— Depreciation Reserve (40% of £7 450)												
— Depreciation Reserve (Horses and Vans)												
Balance Net Profit c/d	4 1			1 352	1							
	745	10		7 112	9							
	146			£ 1 225	10							

THE WAYSIDE BOOT CO. LTD.

APPROPRIATION ACCOUNT

	£	s	d	By Current Year's Profit	£	s	d
To Balance, 1st Jan	1	238	-	-			
" Contribution to Pension Fund		493	-	-			
" Bonus Paid to Employees		763	-	-			
" Balance to Balance Sheet		4	61 s	9			
	£7	112	9		£7	112	9

BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	s d	£	s d
Non-cash Capital—		Freehold Land and Buildings	
10 000 Preference Shares of £1 each	10 000	18,442	1
800 000 Ordinary Shares of 1/ each	40 000	451	1
		7 435	10
		215	10
		846	10
		146	10
		800	10
		5 000	10
		18 433	10
		15 495	10
		4 540	10
		1 931	10
		3 774	10
		84	10
		197	10
		74 944	9

EXERCISE XV (G)—No 38

BOOKS OF WYNNE CO LTD

Dr				Cr			
BUSINESS REALIZATION ACCOUNT							
19	To Sundry Assets	£	s d	19	By Sundry Creditors	£	s d
	Cash	261 3s2			Wyngarde Co. Ltd.	35 6s8	
	(Expenses of Realization)	600			(Total of purchase price of business)	32 500	
	Debenture holders (Premium on Debentures)	7 500					
	Sundry Shareholders (Profit on Realization transferred)	3 678					
		£258 1 8				£258 1 8	

Note—The Purchase price of business is arrived at as under—

	£
(1) 150 000 fully paid Shares of £1 each	150 000
(2) Cash	30 000
(3) Payment of Debentures at a premium of 50%	52 500
TOTAL	£232 500

Dr				Cr			
THE WYNGARDE CO LTD							
19	To Business Realization A/c	£	s d	19	By Shares A/c	£	s d
		232 500			Debentures	150 000	
					Debenture Prem.	50 000	
					Cash	2 500	
		£232 500				30 000	
						£232 500	

Dr				Cr			
SHARES ACCOUNT							
19	To Wyngarde Co. Ltd. (Shares received)	£	s d	19	By Shareholders (Shares subscribed)	£	s d
		150 000				150 000	

Dr				Cr			
SHARE CAPITAL ACCOUNT							
19	To Sundry Shareholders	£	s d	19	By Balance b/f	£	s d
		150 000				150 000	

EXERCISE XV (G)—No 38 (cont.)

Dr

SUNDRY SHAREHOLDERS

Cr

19		£	s	d	19		£	s	d
	To Shares A/c	100 000	-	-		By Capital A/c	100 000	-	-
	" Cash	29 407	-	-		" Reserve A/c	20 030	-	-
	(£30 000 less Ex-					" Profit and Loss A/c	5 724	-	-
	penses of Realiza-					" Business Realiza-			
	tion)					tion A/c	3,676	-	-
						(Profit on Realiza-			
						tion)			
		£179 407	-	-			£179 407	-	-

Dr

DEBENTURES ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Debenture holders	50 000	-	-		By Balance b/f	50 000	-	-

Dr

DEBENTURE-HOLDERS' ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Wyngarde Co., Ltd	52 500	-	-		By Debentures	50 000	-	-
						" Business Realiza-	2,500	-	-
						tion A/c			
						(Prem. on Debs.)			
		£52 500	-	-			£52 500	-	-

The "Reserve Account" and the "Profit and Loss Account" are closed by transfer to the "Sundry Shareholders Account"

BOOKS OF GARDE CO., LTD

Dr

BUSINESS REALIZATION ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Sundry Assets	199 640	-	-		By Sundry Creditors	199 640	-	-
	" Cash	400	-	-		" Wyngarde Co. Ltd	110 000	-	-
	(Expenses of					(Total of pur-			
	Realization)					chase price of			
	" Sundry Shareholders	838	-	-		business)			
	(Profit on Realiza-								
	tion transfer d)								
		£129 958	-	-			£129 958	-	-

Note—The Purchase price of business is arrived at as under—

(1) 100 000 fully-paid Shares of £1 each	£100 000
(2) Cash	10 000
TOTAL	£110,000

EXERCISE XV (G)—No 38 (cont'd)

Dr				THE WYNGARDE CO LTD				Cr			
19	To Business Realization A/c	£	s d	19	By Shares A/c	£	s d				
		110 000	-		Cash	100 000	-				
		110 000	-			10 000	-				
						110 000	-				

Dr		SHARES ACCOUNT		Cr			
19	To Wyngarde Co Ltd (Shares received)	£	s d	19	By Sundry Shareholders (Shares distributed)	£	s d
		100 000	-			100 000	-

Dr		SHARE CAPITAL ACCOUNT		Cr				
19	To sundry Sharehldrs	£	d	19	By Balance b f	£	s	d
		100 000				100 000		

Dr		SUNDRY SHAREHOLDERS		Cr			
19	To Shares A/c Cash (£10 000 ex £40 for Expenses)	100 000 9 550	4	19	By Capital A/c Reserve A/c Profit and Loss A/c Business Realization A/c (Profit on Realization)	100 000 2 000 3 687 868	s d - - -
		£109 550				£109 550	

The Reserve Account and the Profit and Loss Account are closed by transfer to the Sundry Shareholders Account

BOOKS OF THE WYNGARDE CO LTD

Dr		LIQUIDATOR OF THE WYNGARDE CO LTD		Cr			
19	To Creditors (Liabilities taken over) Sundry Last payment of Purchase price Debtors (to) " Cash (do)	£	s d	19	By Sundry Assets " Goodwill A/c	£	s d
		35 628	-			281 357	-
		150 000	-			8 776	-
		4 500	-				
		30 000	-				
		160 128	-			160 128	-

EXERCISE XV (G)—No 38 (contd)

Dr. LIQUIDATOR OF THE GARDE CO., LTD.

Cr

19		£	s	d	19		£	s	d
	To Creditors (Liabilities taken over)	19 958				By Sundry Assets	128 640		
	Shares (Part payment of Purchase price)	100 000				" Goodwill A/c	1,318		
	" Cash (Payment of bal of Purchase price)	10 000							
		£129 958					£129 958		

Dr

SHARE CAPITAL ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Balance c/d	350,000				By Wynne Co	150 000		
						" Garde Co	100 000		
						" Sundry Sharehds.	250 000		
		£350 000					100 000		
							£350 000		
						By Balance b/d	350,000		

Dr

CASH ACCOUNT

Cr

19		£	s	d	19		£	s	d
	To Cash transferred from—					By Wynne Co	52 500		
	Wynne Co	18 942				(Debentures paid off at a premium of 5%)			
	Garde Co	1 234				Wynne Co	90 000		
	" Sundry Sharehds	100 000				(Balance of Purchase price)			
						Garde Co	10 000		
						(Balance of Purchase price)			
						Preliminary Exps.	1 260		
						Balance c/d	26,376		
		£120 136					£120 136		
	To Balance b/d	70 976							

EXERCISE XV (C) - No 38 (cont'd)

THE WYNGARDE CO LTD

BALANCE SHEET

CAPITAL AND LIABILITIES		£	s	d	£	s	d	PROPERTY AND ASSETS		£	s	d
<i>Nominal Capital—</i>		400 000						Land and Buildings		117 890		
400 000 Shares of £1 each								Plant and Machinery		54 145		
<i>Issued Capital—</i>								Stock in Trade		69 196		
350 000 Shares of £1 each								Goodwill		45 094		
fully paid								Sundry Debtors		71 758		
Sundry Creditors								Bills Receivable		19 877		
								Bank		26 376		
								Preliminary Expenses		1 260		
										£405 586		

Note—The value of Goodwill as stated in the Balance Sheet is arrived at as follows—

(1) Goodwill Account of the Wynne Co	£	25 000
(2) Goodwill Account of the Card Co		12 000
(3) Balance of Liquidator of Card Co's Account		1 318
(4) Balance of Liquidator of Wynne Co's Account		6 776
		<u>45 094</u>

EXERCISE XV (C) No 39

THE UNIT CO LTD

BALANCE SHEET AS AT 1ST JULY 19

CAPITAL AND LIABILITIES		£	s	d	£	s	d	PROPERTY AND ASSETS		£	s	d
<i>Nominal Capital—</i>		150 000						Investments		95 000		
150 000 Shares of £1 each								Bank		1 000		
<i>Issued Capital—</i>								Information Expenses		2 000		
98 000 Shares of £1 each										£98 000		

EXERCISE XV (G)—No 39 (contd)

JOURNAL OF THE ESS CO., LTD

19		£	s	d	£	s	d
July 1	Investments Account . . . Dr	1,500	-	-	1 500	-	-
	To Cash						
	Purchase of 1 500 Ordinary Shares of £1 each in the Unit Co., Ltd., by B (Manager)						

JOURNAL OF THE TEE CO., LTD

19		£	s	d	£	s	d
July 1	Investments Account . . . Dr	1,500	-	-	1 500	-	-
	To Cash						
	Purchase of 1 500 Ordinary Shares of £1 each in the Unit Co. Ltd. by F (Manager)						

Note—The purchase by THE UNIT CO. LTD. of the whole of the Ordinary Shares of both companies would be dealt with through the TRANSFER REGISTERS etc. of the respective companies

JOURNAL OF THE UNIT CO., LTD

19		£	s	d	£	s	d
July 1	Investments Account	50 000	-	-	50,000	-	-
	To Ordinary Share Capital						
	Purchase of 50 000 Ordinary Shares of £1 each (at par) by the issue of 50 000 Ordinary Shares of £1 each as fully paid to the Ordinary Shareholders of the Ess Co., Ltd.						
" 1	Investments Account	45 000	-	-	45 000	-	-
	To Ordinary Share Capital						
	Purchase of 30 000 Ordinary Shares of £1 each (at a premium of 50%) by the issue of 45 000 Ordinary Shares of £1 as fully paid to the ordinary share holders of the Tee Co. Ltd.						
" 1	B, Manager of the Ess Co. Ltd	1,500	-	-	1,500	-	-
	To Ordinary Share Capital						
	Issue of 1,500 shares of £1 each						

EXERCISE XV (G)—No 39 (contd)

JOURNAL OF THE UNIT CO LTD—(contd)

19		£	s	d	£	s	d
July 1	F Managing Director of the TEE Co LTD To Ordinary share Capital Issue of 1 500 shares of £1 each	1 500	-	-	1 500	-	-
1	Bank To B Managing Director of EEC Co F Managing Director of TEE Co	3 000			1 500	-	-
					1 500	-	-
1	Formation Expenses To Bank	2 000			2 000	-	-
		103 000			£103 000		

EXERCISE XV (G) No 40

JOURNAL OF A CO LTD

19		£	s	d	£	s	d
July 1	Business Realization Account Dr To Goodwill To Freehold Land & Buildings To Machinery and Plant To Fixture and Fittings To Sundry Debtors To Stock To Investments To Cash at Bank etc Sundry asset taken over by B Co	87 110			35 000 15 650 3 210 850 10 990 4 660 14 650 2 100	-	-
1	Sundry Creditor Dr To Business Realization Account To liabilities taken over by B Co	7 650			7 650	-	-
1	B Co Dr To Business Realization Account Purchase price of business as per terms agreed to as at 1st Jan	107 600			107 600		
1	Business Realization Account Dr To Debenture holders To Sundry Shareholders Transfer of premium on debentures and profit on realization	28 140			600 27 540	-	-

EXERCISE XV (G)—No 40 (contd.)

JOURNAL OF A CO. LTD—(contd.)

19..		£	s	d	£	s	d
Jan. 1	Share Capital Account . . . <i>Dr</i>	47,500	-	-			
	Reserve Fund	15 000	-	-			
	Profit and Loss A/c (<i>Cr</i> balance) ..	4,960	-	-			
	To Sundry Shareholders . . .				67,460	-	-
	Transfer of balances						
" 1	Debentures (A Co's) . . . <i>Dr</i>	12,000	-	-			
	To Debenture holders				12,000	-	-
	Balance transferred						
" 1	Shares Account (B Co's) . . . <i>Dr</i>	71,250	-	-			
	Debentures Account (B Co's) . .	12,600	-	-			
	To B Co				83 850	-	-
	Receipt of £12 600 debentures and 142 000 shares of 10/- each share in part payment of purchase price of business						
" 1	Bank <i>Dr</i>	23,750	-	-			
	To B Co Ltd				23 750	-	-
	Balance of purchase price received						
" 1	Sundry Shareholders . . . <i>Dr</i>	95 000	-	-			
	To Shares Account (B Co's)				71 250	-	-
	Cash				23 750	-	-
	Issue of 142 000 10/- B Co's shares in exchange for 17 500 shares in A Co and payment of cash as per arrangement						
" 1	Debenture-holders <i>Dr</i>	12 600	-	-			
	To Debentures (B Co's)				12,600	-	-
	Issue of 6% debentures in ex- change for debentures in A Co						
		£525 160	-	-	£525,160	-	-

Note—The Purchase price of business taken over by B Co is arrived at as under—

	£
(1) Payment by B Co of A Co's Debentures at 103% by issue of 6% Debentures	12 600
(2) Payment of 10/- per share to each of A Co's share- holders by B Co	22,750
(3) Issue of three 10s shares (at par) for each £1 share to the shareholders in A Co by B Co	71,250
TOTAL	£107,600

EXERCISE XV (G) No. 41

JOURNAL OF X CO (OLD)

19		£	s	d	£	s	d
	Business Realization A/c . Dr	29,704	-	-			
	To Land and Buildings				2 300	-	-
	" Plant and Machinery				2,108	-	-
	" Furniture and Fittings				415	-	-
	" Stock				3 691	-	-
	" Sundry Debtors				12 674	-	-
	Cash at Bank, etc				8,516	-	-
	Sundry Creditors . Dr	5,674	-	-			
	To Business Realization A/c				5,674	-	-
	Business Realization A/c . Dr	43	-	-			
	To Cash (Exps of Realization)				43	-	-
	X Co (NEW) . Dr	57,450	-	-			
	To Business Realization A/c				57 450	-	-
	Shares Account . . Dr	50,000	-	-			
	Cash	7,450	-	-			
	To X Co (NEW)				57 450	-	-
	Capital Account . . Dr	18 000	-	-			
	Reserve Fund . . .	15 000	-	-			
	Profit and Loss Account	7 450	-	-			
	To Sundry Shareholders				40,450	-	-
	Business Realization A/c . Dr	33 377	-	-			
	To Sundry Shareholders				33,377	-	-
	Sundry Shareholders . .	73 827	-	-			
	To Shares Account .				50 000	-	-
	" Cash				7 407	-	-
	" Investments . . .				16 420	-	-
		297 975	-	-	297 975	-	-

The above entries CORRECTLY posted will CLOSE the books of X Co., LTD. (OLD)

Each of the five shareholders receives—

- (1) 10 000 £1 shares
- (2) £3,284 investments.
- (3) £1,481 8s. in cash.

EXERCISE XV (G) No 41 (Contd.)

THE X CO LTD (NEW)

BALANCE SHEET AS AT 1st JANUARY 19

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
Amount of Capital—				Land and Buildings			
75 000 Ordinary Shares of £1 each				Plant and Machinery			
				Furniture and Fittings			
				Goodwill			
				Stock			
Issue of Capital—				Sundry Debtors			
50 000 Ordinary Shares of £1 each				Bank			
fully paid				Cash			
Sundry Creditors							

EXERCISE XV (G) No 42

A CO LTD

JOURNAL

19			£	s	d	£	s	d
	Interest Rights		40 000					
	Sundry Debtors		5 000					
	Goodwill		10 000			55 000		
	To Liquidator of D Co							
	Liquidator of D Co		50 000					
	To Ordinary Share Capital					20 000		
	Preference Share Capital					25 000		
	Premium on Shares					10 000		
						£110 000		

A CO LTD.
BALANCE SHEET

CAPITAL AND LIABILITIES										
<i>Nominal Capital—</i>		£	s	d	£	s	d	£	s	d
70 000 Ordinary Shares of £1 each		70 000	—	—				40,000	—	—
75 000 Preference Shares of £1		75 000	—	—				60 000	—	—
		£145 000	—	—				40,000	—	—
								10 000	—	—
<i>Issued Capital—</i>								25 000	—	—
70 000 Ordinary Shares of £1 each		70 000	—	—				10,000	—	—
75 000 Preference Shares of £1		75 000	—	—				10,000	—	—
					145 000	—	—	20 000	—	—
Debentures					25,000	—	—			
Reserve					10,000	—	—			
Premium on Shares					10 000	—	—			
Sundry Creditors					5 000	—	—			
Profit and Loss Account					10 000	—	—			
					£205 000	—	—	£205,000	—	—

THE SYNDICATE

BALANCE SHEET

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
£	s	d		£	s	d	
Bank Overdraft				Freehold Land and Buildings			97 500
Bills Payable				Freehold Cottages			17 500
Mortgages				Leasehold Property			5 000
Sundry Creditors				Plant and Machinery			100 000
Reserve for Income Tax	10 000			Motor Vehicles			10 000
Reserve for Corporation Profits Tax	1 750			Furniture and Fittings			12 000
				Loose Tools			14 000
				Stock	35 000		80 500
Bailey Manufacturing Co. Ltd				Sundry Debtors	1 750		
(Vendors)				Less Bad Debts Reserve			
				Investments			93 250
				Inland Revenue Claim			10 000
							13 000
							£392 750

Each shareholder would receive $\frac{£275\ 000}{£150\ 000}$ shares in exchange for each £1 share, i.e. $\frac{11}{6}$ shares for each £1 share

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.

Cr

(b) COST OF PRODUCTION ACCOUNT

Dr	£	s	d	£	s	d	By Proportion of held on Partly manufact d Goods Balance (Cost of Production of Goods manufactured trans- ferred to Trading Account)	£	s	d
To Prime Cost of Goods Manu- factured as per Account (a)				44 418	12	4		1 742	13	6
To Proportion of Factory Overhead on Partly manufactured Goods				1 395	18	5		53 093	6	2
Factory Overhead										
Rent Rates Taxes and Insur- ance	1 312	12	5							
Gas Fuel Water Lighting and Heating	1 198	13	6							
Patent Royalties	306	5	9							
Wages and Salaries	1 910	10	3							
Repairs Renewals and Depreci- ation of Tools Machinery etc	1 806	17	8							
Interest on Capital Outlay on Plant Machinery Tools Land and Buildings	2 485	9	4	9 020	8	11				
				54 835	19	8		54 835	19	8

EXERCISE XVI No 1 (Form No 1) (cont'd)

Dr TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19.. Cr

	£	s	d		£	s	d
To Stock of Manufactured Goods at start	5 674	13	9	By Sales	73 086	14	2
" Manufacturing Account	53 093	0	2	Less Returns Inwards	2 378	12	7
(Cost of Goods manufactured, as per Account (b))							
" Balance, GROSS PROFIT c/d	17,449	12	2	" Stock of Manufactured Goods at close	70,708	1	7
	£ 76 217	12	1		5 509	10	6
					£ 76,217	12	1

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr

						£	s	d
				By Trading Account		17,449	12	2

EXERCISE XVI No 1 (Form No 2)

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

Cr

	£	s	d	£	s	d	£	s	d
<i>To Stocks at start—</i>									
Raw Materials	6 273	11	4						
Partly manufactured Goods	7 985	12	6						
				14 259	3	10			
<i>• Purchases of Raw Materials</i>				22 437	16	3			
				38 697					
<i>Less—Stocks at finish</i>									
Raw Materials	4 916	13	2						
Partly manufactured Goods	10 408	16	5						
				15 325	9	7			
<i>To Carriage and Freight on Raw Materials</i>				1 371	10	6			
<i>Manufacturing Wages</i>				459	9	9			
				2 887	18	2			
<i>PRIME COST OF PRODUCTION</i>				44 418	12	4			
<i>Add Factory Overhead</i>	9 030	8	11						
<i>+ 1 proportion on Partly manufactured Goods 1st Jan</i>	1 396	18	5						
	10 417	7	4						
<i>- 1 proportion on Partly manufactured Goods carried forward</i>	(742	11	6						
				8 674	13	10			
<i>FACTORY COST OF PRODUCTION</i>				53 093	6	2			
<i>• Balance (Gross Profit on Production)</i>				5 378	10	6			
				58 472	1	8			
				58 472	1	8			

EXERCISE XVI—No 1 (Form No 2) (contd.)

Dr TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr

To Stock of Manufactured Goods at start	£	s	d	By Sales	£	s	d
" Manufacturing Account	5 674	13	9	Less Returns Inwards	2 378	12	7
(Trade price of goods)	58 472	1	8		70 708	1	7
Less Stock of Manufactured Goods at close	64 146	15	5				
	5 509	10	6				
PRIME COST OF SALES	58 637	4	11				
Balance, Gross Profit on Sales	12 070	16	8				
	70,708	1	7		£ 70 708	1	7

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr

By Manufacturing Account	£	s	d
" Trading Account	5 378	15	6
	12 070	16	8
	£ 17 449	12	2

EXERCISE XVI No 3 (b)

Dr Cr BALANCING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 .

	£	s	d	£	s	d	£	s	d
To Purchases of Yarns etc .	4	106	12	5					
Freight and Carriage .		763	14	9			136	15	2
Wages and Salaries .		28	780	15	6		95	6	8
" Coals £1 127/14/11 Tallow Oils etc £165 2/9		1	292	17	8				
" Gas Electric Light and Water		128	16	7					
" Shuttles Pickers Picking Bands etc		538	10	8			232		1 10
Reeds Combs and Healds		309	14	6			40,702		12 11
Brushes and Sundries .		105	3	10					
Strapping and Laces .		96	12	3					
Skips Bobbins and Skewers		114	3	6					
" Flour and Sizing Materials		1	594	11	7				
" Rates Taxes and Insurance		226	13	4					
" Mill Charges and Sundry Stores		197	10	5					
" Horse and Stable Expenses		112	4	10					
" Repairs to Buildings Engines		478	13	6					
" Boilers etc		2	087	19	5				
" Depreciation of Plant and Machinery		40	934	14	9		£ 40 934	14	9
By Sale of—									
Waste									
Sundries									
" Balance transferred to Trading Account . .									

EXERCISE XVI—No. 3 (c)

Dr. TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr.

To Stocks of Cloth 1st Jan —	£	s	d
At Mills,	40 785	10	2
At Warehouse	75 016	11	6
At Bleachers and Dyers	9 528	16	8
Goods Purchased			
" Bleaching Dyeing and Printing			
" Carriage			
" Packing			
" Spinning Account (Amount transferred)	100 950	18	4
" Weaving Account (Amount transferred)	40 702	12	11
" Balance (Gross Profit)			

By Sales of Cloth—	£	s	d
Grey	61 728	15	6
White	160 906	14	11
Dyed	12,614	13	8
Sales of Bought Goods	235 250	4	1
Stocks of Cloth 31st Dec —	9 427	13	6
At Mills,	40 753	2	10
At Warehouse	76 017	14	8
At Bleachers and Dyers	8,426	11	9
	125,197	9	3
	£369,875		
	6 10		

EXERCISE XVI—No 4

THE NEWBELL BRICKWORKS

Dr MANUFACTURING AND TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 Cr

	£	s	d	£	s	d	£	s	d
To Coal Consumed									
Stores Consumed									
Rat ons				1	897	15	2		
Wages				256	7	9			
Stable Expenses				763	2	10			
Rent				2	916	14	7		
Carriage Inwards				12	3	8			
Repairs and Renewals				165	10				
Medical Fees				438	12	9			
Depreciation—				247	6	5			
Plant	106	2	11	12	12				
Machinery	195	13	6						
Tools	203	4	7						
Pumping Plant	12	6	9						
Railway Siding	10	14	5						
Balance (Gross Profit)				598	2	2			
				2	178	1	3		
				£9	416	8	7		
							£9	416	8
								7	

TRADING AND PROFIT AND LOSS ACCOUNT

Dr

FOR THE YEAR ENDED 31ST DECEMBER, 19

Cr

	% on Sales	£	s	d	% on Sales	£	s	d
To Stock, 1st Jan.		8 947	10	6		23 529	16	8
" Purchases (Net)		12,056	3	7		1 628	19	2
Less Stock, 31st Dec		21 003	14	1		25,158	15	10
PRIME COST OF SALES		9 765	19	3		1 263	5	1
Carriage Inwards	47 03	11 237	14	10		23 895	10	9
" Wages	7-78	1 857	10	2				
" Balance GROSS PROFIT	15 00	3 585	16	2				
	30 19	7 214	9	7	100 00			
	100 00	23 895	10	9	100 00	23 895	10	9
To Salaries	2 04	486	12	5				
" Commission	1-37	327	5	10				
" Advertising	1 37	326	13	7				
" Discount	1 60	384	9	4				
" Rent Rates and Taxes	1 57	375	14	5				
" Carriage Outwards	1-48	352	17	9				
" Trade Expenses	1 57	375	11	4				
" Bad Debts	1 37	327	6	10				
" Depreciation	1-61	384	15	8				
" Interest on Capital	1 08	257	11	6				
" Balance NET PROFIT	15 13	3 615	10	11				
	30 19	7,214	9	7	30 19	7,214	9	7

PLANTATION WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

636

THIS WESTERN STAR NEWSPAPER CO LTD
PRODUCTION ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

637

EXERCISE XVI No 10

THE OVERSLEY CANAL CO
WORKING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19

Dr Cr

	£	s	d		£	s	d
To Maintenance Dredging and Ice Breaking	3 506	13	8	By Toll Traffic Receipts	7 406	13	6
Rents Payable	1 857	10	6	Freight Traffic Receipts	14 517	11	8
Rates Taxes and Insurance	1 314	14	5				
General Charges	1 706	15	4	Less Traffic Expenses	21 924	7	2
Depreciation of Boats Horses and Carrying Plant	802	9	10	Net Traffic Receipts	11 986	14	4
Balance (Gross Profit)	5 189	15	4	Rents Receivable	9 977	12	10
				Miscellaneous Receipts	3 914	16	7
					85	9	8
					£ 13 937	19	1

THE "WIDE SLAS" NAVIGATION CO., LTD.

WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Dr.

Cr.

	£	d	£	s	d	£	s	d
To Navigation Expenses—								
Coal, Oil, and Water	608	126	10	9		1,025,716	15	8
Dues, Towing, Pilotage etc.	148	705	15	6		1,306,578	10	6
Pay of Officers and Crew	282	856	11	5		250,000		
" Provisioning of Passengers Officers and Crew			1	040	688	17	8	
" Suez Canal Dues			257	493	18	4		
" Miscellaneous Expenses—			289,586	16	8			
Damages Claims and Law Charges	12	000	10	6		10,000		
Expenses of Steamers laid up	9	857	4	11				
Quarantine Charges	1	625	17	5				
" Ships' Repairs, Stores, & General Maintenance			23,483	12	10			
" Insurance Charges and General Average Claims			165,714	6	7			
" Depreciation of Fleet etc			18	409	13	4		
" Balance (Gross Profit)			327,916	15	6			
			469,001	5	3			
			£2,592,295	6	2	£2,592,295	6	2

THE SUNBFAM HOTEL LTD

WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr	To Consumption of—			By Amounts charged to Customers—			Receipts from—			Balance (Gross Profit)		
	£	s	d	£	s	d	£	s	d	£	s	d
Groceries and Provisions	4 520	14	2							6 517	11	4
Wine, Spirits and Liqueurs	4 206	10	8							6 702	10	8
Ale Beer and Minerals	1 986	13	5							3 098	12	6
Tobacco Cigars and Cigarettes	1 023	17	6							1 587	8	9
Sundry Stores	240	16	7							11 516	14	3
							11 978	12	4			
Wages and Salaries							5 017	11	4			
Licensees and Insurances							957	13	10			
Newspapers Magazines Print							305	4	9			
ing and Stationery							627	19	1			
Coal Gas and Lighting										1 025	11	5
Repairs and Renewals of Build										472	9	7
ings										276	15	4
Laundry							214	10	6			
Stable and Garage Expenses							334	18	5			
Rent Rates and Taxes							235	6	8			
Repairs Renewals & Depreciation							1 075	10	6			
Furniture and Fittings	306	4	6									
Cutlery and Plate	162	8	5									
House Bed and Table Linen	105	11	3									
China and Glass	114	17	9									
							689	7	11			
							9 761	4	6			
							£ 31 197	13	10	£ 31 197	13	10

EXERCISE XVI—No 13

(a) *Cost of Material Used*

	£	s	d
Stock of Raw Materials	1,200	—	—
Add Purchases	12,000	—	—
„ Carriage	6,000	—	—
	£19,200	—	—
Less Materials in hand at close	1,400	—	—
COST OF MATERIALS USED	£17,800	—	—

(Note — Carriage is included in above statement as it is an element of cost usually inseparable from the cost of purchase)

(b) *Value of Output*

	£	s	d
Sales	42 000	—	—
Add Stock of Finished Goods unsold	3,500	—	—
	£45 500	—	—
Less Stock of Finished Goods (at commencement)	4,000	—	—
	£41 500	—	—

(c) *Percentage of Gross Profit on Sales*

$$\frac{\text{Gross Profit } £8\,700 \times 100}{\text{Sales } £42,000} = \underline{\underline{20.71\%}}$$

EXERCISE XVI—No 14

COST FIGURES OF THE £2 000 ORDER

	£	s	d
Materials	602	—	—
Wages	880	—	—
Works Overhead $\left(\frac{\text{Cost of Order } £2\,000 \times 100}{\text{Total Orders } £50\,000} = 25\% \text{ of Wages} \right)$	220	—	—
Office „ $\left(\frac{\text{Wages of Order } £880 \times \text{Office Overhead } £1\,300}{\text{Total Wages } £26\,000} \right)$	44	—	—
	£1,746	—	—
PROFIT ON ORDER	254	—	—
Price of Order Executed	£2,000	—	—

EXERCISE XVI—No 15

PERCENTAGE STATEMENT

<i>Dr</i>	1st Year	% on Out put	2nd Year	% on Out put	% on Out put	Two Years Total	Avg % on Out put		1st Year	% on Out put	2nd Year	% on Out put	% on Out put
To Stocks 1st Jan	£ 6 000		£ 5 000			£ 11 000	Total Output %	By Sales	£ 30 000		£ 17 000		
Add Purchases	17 500		14 000			31 500	100 000	Finished Work (at end)	6 000				
								Less Finished Work 1st Jan	3 000				
Less Stocks 31st Dec	23 500		19 000			42 500		Finished Work Jan			3 000		
	5 000		7 000			12 000		Less Finished Work 31st Dec					
COST OF MATERIAL	18 500	63 80	12 000	60 00		30 500	62 24	Output					
To Wages	7 500	25 86	4 800	24 00		12 300	25 11						
Expenses	2 000	6 89	1 200	6 00		3 200	6 53						
Balance Gross Profit.	1 000	3 45	2 000	10 00		3 000	6 12						
	£ 29 000	100 00	20 000	100 00		49 000	100 00		£ 29 000	100 00	20 000	100 00	
									£ 29 000	100 00	20 000	100 00	

THE BLANKSHIRE IRON CO. LTD.

FURNACE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19.

FURNACE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19.		Gr.	
Dr.		£	s d.
To Coal Purchased.		7 320	- -
" Coke and Limestone Purchased		19 550	- -
" Ironstone Purchased.		7 461	- -
" Wages (Furnace)		6 842	- -
		£ 41 173	- -
	By Sales of Waste Materials and By-products		
	Balance (Cost of Production of Pig Iron transferred to Trading Account)		
		£ 41 173	- -

TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19..

TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 19..		
Dr	£	s d
To Furnace Account (Balance, being Cost of Production of Pig Iron)	35 311	- -
" Stock of Pig Iron, 1st July	9 402	- -
" Trade Charges	5 424	- -
" Balance Gross Profit c/d	21 530	- -
	£ 71,667	- -
By Sales of Pig Iron		- -
" Stock of Pig Iron, 30th June		- -
	£ 71,667	- -

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Dr				PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..				Cr					
				£	s	d					£	s	d
To Office Salaries :				3	401	-	By Trading Account b/d				21	530	-
, Directors' Fees ,				1	500	-	" Interest				321	-	-
" Bad Debts				1	680	-	" Transfer Fees.				52	-	-
" Depreciation				3	890	-							
" Balance, Net Profit .				11	432	-							
				£	21	903					£	21	903

PERCENTAGE STATEMENT

	1st Year	% on Pro duc tion	2nd Year	% on Pro duc tion		1st Year	% on Pro duc tion	2nd Year	% on Pro duc tion
Materials used	£ 22 389	61 39	£ 21 427	59 09	Goods Produced	£ 36 468	100 00	£ 36 261	100 00
Wages	7 495	20 55	7 577	20 89					
Rent and Power	1 659	4 55	1 655	4 56					
Carriage	513	1 40	494	1 36					
Trade Expenses	303	0 83	309	0 85					
Gas and Water	213	0 60	240	0 66					
Travellers	719	2 00	763	2 10					
Repairs	426	1 16	563	1 55					
Insurance	78	0 21	78	0 21					
Depreciation	600	1 64	590	1 60					
	£ 34 995	94 33	£ 33 688	92 87		£ 36 468	100 00	£ 36 261	100 00

Note.—The results shown may appear incomplete They display all that is asked for in the question The necessary item to balance would be of course Net Profit

EXERCISE XVI—No. 18.

JAMTS THOMPSON

Dt. MINE WORKING ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE 19 .

	£	s	d	£	s	d	£	s	d	£	s	d
To Stocks 1st Jan												
Materials used—												
Coals	1 260			4 850						36,700		
Candles	390									500		
Powder	372											
Ropes	53											
Timber	1 280											
Royalties				3 355								
Carriage and Freight				5 000								
Wages				913								
Repairs				12 684								
Depreciation—				360								
Machinery and Plant	88	1										
(5% of £3 522 for $\frac{1}{4}$ year)												
Lease ($\frac{1}{4}$ of $\frac{1}{2}$ of £16 500)	550											
Balance (Working Profit)				638	1							
				13,399	19							
				£41,200						£41,200		

MESSRS J BERRY & I FLOWER

FURNACE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr

	£	s	d	£	s	d	£	s	d
To Consumption of—									
Coal (including Carriage)	6 047	—	—						
Coal (including Carriage)	17 546	—	—						
Limestone (including Royalties etc)	1 513								
Ironstone (including Royalties etc)	5 707	—	—						
				30 813					
				8 037					
				559					
General Wages									
Salaries of Furnace Experts									
				£ 39 409					
							£ 39 409	—	—

By Trading Account
(Cost of Production of Pig
Iron transferred)

TRADING ACCOUNT (PIG IRON) FOR THE YEAR ENDED 31ST DECEMBER 19

Cr

Dr

	£	s	d	£	s	d
To Furnace Account (Cost of Production of Pig Iron)						
Stock of Pig Iron 1st Jan				39 409		
Balance Gross Profit				12 268		
				13 032		
				£ 64 709		
By Sales of Pig Iron						
Factory Consumption of Pig Iron						
Stock of Pig Iron 31st Dec						
				54 056		
				103		
				10 550		
				£ 64 709		

EXERCISE XVI—No 19 (contd.).

MESSRS. J BERRY & L FLOWER

Dr.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s	d	£	s	d		£	s	d
To Materials and Stores (including Foundry Charges and Repairs to Locomotives)							By Trading Account			
" Travelling Expenses				1,198	-	-	" Branch Railway Income		13,032	-
" Rates and Taxes				40	-	-	" Wagon Hire		705	-
" Land Damages and Compensation				657	-	-	" Interest		278	-
" General Charges				60	-	-			199	-
" Managers Salary				92	-	-				
" Bad Debts Reserve				500	-	-				
" (Addition thereto)				591	-	-				
" Depreciation—										
Coal and Coke Wagons	150	-	-							
Works Plant Rolling Stock &c	2,500	-	-							
" Balance, Net Profit c/d				2,650	-	-				
				8,426	-	-				
				£	14	214			£	14,214
To Capital Accounts—										
J. Berry ½ share				4,213	-	-	By Balance (Net Profit) b/d.		8	426
L. Flower, ½ share				4,213	-	-				
				£	8	426			£	8,426

EXERCISE XVI—Nos 20 and 22

		<i>Advanced Accounts</i>
For Examples of	Manufacturing Account (prime cost only) see page	777
	Working " Account " (cost of production) " "	778
	Working " Account of a Mine " "	787
	" " of a Canal Company " "	789
	Furnace Account (both ways)	see pages 781-3

EXERCISE XVI—No 21

The main reasons in support of the 'prime cost basis of the construction of the Manufacturing Account are set out on page 777 of *Advanced Accounts*

EXERCISE XVI—No 23

See answers at end of *Advanced Accounts*

EXERCISE XVI—No 24

See answers at end of *Advanced Accounts*.

COMPARATIVE TRADING ACCOUNTS

Dr

	1st Year	% on Turn over	2nd Year	% on Turn over		1st Year	% on Turn over	2nd Year	% on Turn over
To Stock 1st July	£		£		By Sales	£ 6 000	100 00	£ 11 300	100 00
• Purchases	10 000		5 400						
	10 000		11 000						
Less Stock 30th June	5 400		16 400						
			7 700						
PRIME COST OF GOODS	4 600	76 67	8 700	77 00					
Freight and Duty	850	14 17	1 200	10 62					
Packing Cases	200	3 33	350	3 09					
Wages	200	3 33	250	2 21					
Balance GROSS PROFIT c/d	150	2 50	800	7 08					
	£ 6 000	100 00	£ 11 300	100 00		£ 6 000	100 00	£ 11 300	100 00
					By Trading Account	150	2 50	800	7 08
To Salaries—	600	10 00	1 000	8 85	Balance NET LOSS	1 970	32 83	1 780	15 75
• Manager	400	6 67	500	4 42					
• Commission—									
• Manager	300	5 00	nil						
• General Manager	50	83	40	35					
• Travelling	400	6 67	360	3 19					
• Advertising	150	2 50	300	2 66					
• Posting and Telegrams	100	1 66	200	1 77					
• General Expenses	120	2 00	180	1 59					
	£ 2 120	35 33	£ 2 580	22 83		£ 2 120	35 33	£ 2 580	22 83

EXERCISE XVI No 26 (contd.)

Dr		CR	
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19			
To Office Salaries	£ 410	By Trading Account	£ 200
Discount on Sales	150	Discount on Purchases	100
Carriage Outwards	120		
Printing and Stationery	70		
Rent and Rates	390		
Travelling Expenses	130		
General Expenses	990		
Balance Net Profit	740		
	£2 300		£2 300

The percentage of net profit to the manufacturing cost = $\frac{740 \times 100}{3800} = 19.47\%$

EXERCISE XVI—No 27.

(a)

JOURNAL

19..			£	s	d	£	s	d
Jan 1	B	Dr	200	-	-	200	-	-
	To Sales							
" 1	Bills Receivable	Dr	200	-	-	200	-	-
	To B							
	Acceptance at three months							
" 1	J	Dr	200	-	-	200	-	-
	To Bills Receivable							
	Endorsement of B's acceptance							
			£600	-	-	£600	-	-

(b) The purchase of a special mechanical scale will first be recorded in the Journal as it is not viewed as a "trade" purchase

JOURNAL

		£	s	d	£	s	d
Machinery Account	Dr	200	-	-	200	-	-
To Exact Scale Manufacturing Co, Ltd							

(c)

JOURNAL OF A

		£	s	d	£	s	d
(1)	Returns Inward Dr	5	-	-	5	-	-
	To Jones, Ltd						
(3)	Jones Ltd Dr	9	-	-			
	To Returns Outward and Allowances Account				9	-	-
	Jones Ltd (Bought Ledger)	55	-	-			
	To Jones, Ltd (Sales Ledger)				55	-	-
		£69	-	-	£69	-	-

JOURNAL OF JONES, LTD

			£	s	d	£	s	d
(1)	A	Dr	5	-	-	5	-	-
	To Returns Outward							
(3)	Returns Inward and Allowances Account	Dr	9	-	-	9	-	-
	To A							
	A (Bought Ledger)		55	-	-	55	-	-
	To (Sales Ledger)							
			£69	-	-	£69	-	-

EXERCISE XVI—No 27 (contd)

(c)

A's Cash Book (Debit side)		Jones Ltd Cash Book (Credit side)	
To Jones Ltd (Returned cheque)	£25 =	By A (Dishonoured cheque)	£25 =

(a)

LEDGER

Dr		SALES ACCOUNT				Cr	
				By B	£ 200	s -	d -
Dr		BILLS RECEIVABLE ACCOUNT				Cr	
To B		£ 200	s -	By J	£ 200	s -	d -
Dr		B				Cr	
To Sales		£ 200	s -	By Bills Receivable	£ 200	s -	d -
Dr		J				Cr	
To Bills Receivable		£ 200	s -				

(1)

LEDGER

Dr		MACHINERY ACCOUNT										Cr	
		To Excel Manufacturing Co Ltd		£ 200		s -		d -					
Dr		EXACT SCALE MANUFACTURING CO LTD										Cr	
										By Machinery		£ 200 s - d -	

(c)

A s BOUGHT LEDGER

Dr				JONES LTD				Cr			
19	To Returns Outward etc	£	s	d	19	By Balance b/f	£	s	d		
	Jones Ltd Account	9				Cheque	300				
	Sales Ledger	50					20				
	Cash	781									
		£340					£340				

EXERCISE XVI—No. 27 (contd.)

A's SOLD LEDGER

Dr				JONES, LTD				Cr.			
19	To Balance . . .	£	s	d	19	By Returns Inward " Jones' Account in Bought Ledger	£	s	d		
		60	-	-			5	-	-		
							50	-	-		
		£60	-	-			£60	-	-		

JONES, LTD, BOUGHT LEDGER

Dr				A				Cr			
19	To Returns Outward , As Account in Sales Ledger	£	s	d	19	By Balance	£	s	d		
		55	-				60	-			
		60	-				60	-			

JONES SOLD LEDGER

Dr				A				Cr			
19	To Balance	£	s	d	19	By Returns Inward and Allowances Account	£	s	d		
	" Cheque	320	-	-		As Account in Bought Ledger	9	-	-		
		25	-	-		" Cash	50	-	-		
							281	-	-		
		£345	-	-			£345	-	-		

EXERCISE XVI—No. 28

Item	Nature of Expenditure
(1) Sale of Old Plant	Capital
(2) Purchase of Patent Rights	Capital
(3) Renewal Fee for (2)	Revenue
(4) Purchase of Delivery Vans	Capital
(5) Purchase of New Wheels for (4) at a later date	Revenue
(6) Installation of Electric Light, etc	Capital
(7) Depreciation of (6)	Revenue
(8) Purchase of Plant and Machinery	Capital
(9) Repairs to (8)	Revenue
(10) Extension of Water Mains by a Water Company also replacement of existing Mains	Capital and Revenue (See Note)
<i>Note</i> —The means of allocating expenditure between capital and revenue are fully explained on page 849 of <i>Advanced Accounts</i>	

EXERCISE XVI—No 29

The January monthly summary of F's Ledger will be £10 too little and the G Ledger will be in excess by that amount

The Adjustment Accounts of the Sales Ledgers will show F's credit balance less by £10 and G's more by £10 than is correct

EXERCISE XVI—No 30

See *Advanced Accounts* pages 323 and 324

EXERCISE XVI—No 31

Dr		VENDORS ACCOUNT			Cr				
19		£	s	d	19	£ s d			
Apr 1	To Cash (Deposit)	3 000			Apr 1	By Purchase of Business	33 000		
	Rent Due	15	7	8		Telephone Rent pre			
	Gas and Electric					paid	10	1	11
	Light due	86	17			Fire Insurance pre			
	Water Rate due	2	10			paid	6	6	6
	Amounts received on					Plate Glass Insur			
	account of the Co	10 94	13	5		ance prepaid	2	7	
July 1	Balance c/d	21 457	10	10		Amounts paid on			
						a/c of the London panv	2 485	15	6
		£	35 594	19 11			£	35 594	19 11
July 1	To Share Capital A/c—				July 1	By Balance b/d	2 47	10	10
	A lotment of 25 000					Interest	58	4	5
	Share of £1 each	2 000				" Balance c/d	3 274	4	9
	as fully paid up								
		£	25 000				£	25 000	
	To Balance b/d		3 274	4 9					

EXERCISE XVI—No 32

Dr		CONSIGNMENT ACCOUNT			Cr				
19	To Goods on Consignment	£	s	d	19	By B B ngalee (Account Sales)	£	s	d
	Cash	2 000					2 500		
	A Andrews & Co (Commission)	70							
	Balance	85							
	Profit on Consignment	345							
		£ 2 500					£ 2 500		

Dr		BILLS RECEIVABLE			Cr		
19	To B Bengalee	£	s	d	19	By Bank	£ s d
		1 500					1 500

EXERCISE XVI—No 32 (contd)

Dr.		BANK ACCOUNT				Cr.			
19.	To Bills Receivable " B Bengalee	£	s	d	19	By Banker's Discount " Consignment Charges	£	s	d
		1	500				15		
		915					70		

Dr		B BENGALEE		Cr.			
19	To Consignment (Account Sales)	£ 2 500	s d	19	By Bills Receivable " Consignment (Commission) " Cash	£ 1,500 85 915 2 500	s d

Dr.		DISCOUNT ACCOUNT		Cr.	
19	To Bank	£ 15	s d		

EXERCISE XVI—No 33

Dr		JOINT VENTURE ACCOUNT		Cr			
19	To Purchase of Debentures 200 000 Cost of Issue 6 000 .. Balance Net Profit : Smith £2 000 Jones 2 000 4 000 210 000	£	s d	19	By Sales of Debentures i.e. 200 000 £1 each @ 5% premium 210 000	£	s d

Dr	SMITH'S ACCOUNT		Cr		
19	To Purchase of Debentures i.e. 20 000 £1 ea. @ 5% premium " Balance	£ 21 000 103 000 <u>£124 000</u>	s d - - - - - - - - - -	19	
				By Cash (Contribution to Joint Venture) " Sales i.e. 20,000 Debentures of £1 @ premium of 10% " Share of Profit on Venture	£ 100 000 22,000 2 000 <u>£124,000</u>
					s d - - - - - - - - - -

EXERCISE XVI—No 33 (contd)

Dr		JONES ACCOUNT				Cr	
19		£	s	d	19		£ s d
	To Purchase of Debentures i.e. 3 000 £1 each @ 5% prem	3 150	-	-		By Cash (Contribution to Joint Venture)	100 000 - -
	Balance	102 120	-	-		Sales of Debentures = 3 000 £1 each @ 9% premium	3 270 - -
						Share of Profit on Venture	2 000 -
		£105 270					£105 270 -

EXERCISE XVI—No 34

B's LEDGER

Dr		A's ACCOUNT				Cr	
19		£	s	d	19		£ s d
Jan 1	To Goods	500	-	-	Jan 1	By Bills Receivable	500 - -
July 3	C (Bankers)	500	0	-	July 3	C (Bankers)	100 - -
3	Interest	12	-	4	3	Bills Receivable (3 mos)	200 - -
					3	Bills Receivable (6 mos. including Interest)	212 5 2
		£1 012	5	2			£1 012 5 2

Dr		DISCOUNT ACCOUNT				INTEREST ACCOUNT		Cr	
19		£	s	d	19		£	s	d
Mar 31	To C (Bankers)	12	10	-	July 3	By A	12	5	2

Dr		BILLS RECEIVABLE ACCOUNT				Cr	
19		£	s	d	19		£ s d
Jan 1	To A	500	-	-	Mar 31	By C (Bankers)	500 - -
July 3	A— (3 mos) £200 - (6 mos) 212 5 2	412	0	2			

Dr		C (BANKERS)				Cr	
19		£	s	d	19		£ s d
Mar 31	To Bills Receivable	500	-	-	Mar 31	By Discount Charges (5% for 3 mos)	12 10 -
July 3	A	100	-	-		A (including Noting Charges)	500 0 -

EXERCISE XVI—No 35

D^r INCOME AND EXPENDITURE ACCOUNT AS AT 31ST DECEMBER 19.. Cr

EXPENDITURE	£	s	d	£	s	d	INCOME	£	s	d
To Rent							By Entrance Fees	500	-	-
" Rates Taxes, Lighting etc							" Annual Subscriptions	436	-	-
" Secretary's Remuneration							" Special Call on Members	150	-	-
" Stewards' and Servants' Wages							" Receipts—	600	-	-
" Printing Stationery							Cards and Billiards	145	-	-
" Law Charges							" Profit on Sales	18	-	-
" Washing Liveries, etc								107	-	-
" Repairs to House Furniture								409	-	-
" Conversation Expenses								95	-	-
" Interest on Loan								6	-	-
" Amounts written off—										
Furniture	123	-	-							
Structural Improvements	100	-	-							
				223	-	-				
				34	-	-				
Surplus of Income over Expenditure				£2,723	-	-				
								£2,723	-	-

C.

19 Dec 31	To Drawings Account	£ 411	s 10	d 10	19 Jan 1	By Cash	£ 3 000	s	d
" 31	Balance c/d	3 876	13	1	Dec 31	Interest on Cap to Share of Profit	150		
							887	13	11
		£ 4 037	13	11			£ 4 037	13	11

Gr

19 Dec 31	To Drawings Accou	£ 359	s 13	d 6	19 Jan 1	By Cash	£ 2 000	s -	d -
" 31	Balance c/d	2 374	8	5	Dec 31	Interest on Cap tal	100	-	-
						Share of Profit	634	1	5
		£ 734	1	5			£ 2 734	1	5

19 Dec. 31	To Drawings Account	£	s	d	19 Jan 1	By Cash	£	s	d
31	Balance c/d	358	4	7	31	Interest on Capital	1 000		
		1 399	6		31	Share of Profit	50	5	1
					31	Salary	507		
							200		
		£1 757	0	1			£1 757	5	1

D & DRAWINGS ACCOUNT

		Mths	Interest			Amount		
19			£	s	d	£	s	d
Mar	1 To Cash	10	4	3	4	100		
May	1 Cash	8	2	10		75		
July	1 Cash	6	3	2	6	125		
Sept	1 Cash	4		16	8	50		
Nov	1 Cash	2		8	4	50		
Dec	31 Interest					11		10
Total transferred to DEBIT of Cap A/c						£411		10

EXERCISE XVI—No 36 (*contd*)*Dr* E's DRAWINGS ACCOUNT

			Mths	Interest			Amount		
				£	s	d	£	s	d
19									
Jan	1	To Cash	12	2	10	-	50	-	-
Feb	1	.. Cash	11	2	5	10	50	-	-
Apr	1	.. Cash	9	1	17	6	50	-	-
Aug	1	.. Cash	5	2	1	8	100	-	-
Oct	1	.. Cash	3		17	6	70	-	-
Dec	1	.. Cash	1		2	6	30	-	-
..	31	Interest					9	15	-
		Total transferred to DEBIT of Cap A/c					£359	15	-

Dr F's DRAWINGS ACCOUNT

			Mths	Interest			Amount		
				£	s	d	£	s	d
19									
Mar	1	To Cash	10	3	2	6	75	-	-
June	1	.. Cash	7	2	3	9	75	-	-
Aug	1	.. Cash	5	2	1	8	100	-	-
Oct	1	.. Cash	3		12	6	50	-	-
Dec	1	.. Cash	1		4	2	50	-	-
..	31	.. Interest					8	4	7
Total transferred to DEBIT of Cap A/c							£358	4	7

EXERCISE XVI—No 37

See *Advanced Accounts*, Chapter XV (page 545 onwards), for complete range of specimens of Statutory and Statistical Books, which would be necessary in addition to the ordinary Financial Records

EXERCISE XVI—No. 38

JOURNAL

19..		£	s	d	£	s	d
Jan 1	Business Purchase Account . . . To Vendor . . . Being purchase price of business as per agreement dated	50,000	-	-	50,000	-	-
" 5	Application Account . . . To Share Capital . . . 5/- per share on 35 000 shares	8,750	-	-	8,750	-	-
" 6	Allotment Account . . . To Share Capital . . . 5/- per share on 35 000 shares	8,750	-	-	8,750	-	-
Feb. 10	Vendor's Account . . . To Share Capital . . . 40,000 £1 shares issued to vendor as fully paid being part pay- ment of purchase price of busi- ness	40,000	-	-	40,000	-	-
" 10	Vendor's Account . . . To Debentures . . . 10,000 5% debentures issued to vendor to complete payment of purchase price of business	10,000	-	-	10,000	-	-
" 10	First Call Account . . . To Share Capital . . . 5/- per share on 35,000 shares	8,750	-	-	8,750	-	-
		£126,250	-	-	£126,250	-	-

CASH BOOK

(DEBIT SIDE)

19..		£	s	d
Jan 5	To Application Account . . .	8,750	-	-
" 10	" Allotment Account . . .	8 750	-	-

	REALIZATION ACCOUNT						Cr
D ^r		£	s	d	£	s	d
19	To Sundry Assets Cash Expenses on Realization	12 620	-	19			12 350
		120	-		By Cash (including Sun- dry Debtors)		
					Balance loss on Realiza- tion transferred to Deficiency A/c—		
					Jones Share of Deficiency $\frac{2}{3}$ of £390	156	
					Brown s Sh of Deficiency $\frac{2}{3}$ of £390	156	
					Robinson s Sh of Defcy $\frac{1}{3}$ of £390	78	
							990
		£ 12 740	-			£ 12 740	-

Note—The Author to complete exercise has assumed the Debtors to have realized their value also that Robinson was insolvent

<i>D r</i>		DEFICIENCY ACCOUNT										<i>C r</i>						
19	To Realization Account						£ 390	19				By Cash— Jones Brown	£ 156 156	<i>s</i> — —	<i>d</i> — —	£ 312 78 £390	<i>s</i> — — —	<i>d</i> — — —
												Robinson's Overdrawn Capital Account						

EXERCISE XVI—No 39 (cont'd)

Dr.

SMITH'S LOAN ACCOUNT

Cr.

19..	To Cash	£	s	d	19	By Balance	£	s	d
		800	-	-			800	-	-

Dr.

CASH ACCOUNT

Cr.

19	To Balance	£	s	d	19	By Bank Overdraft	£	s	d
	" Realization Account					Sundry Creditors	1 000	-	-
	" Deficiency Account—					Exps on Realization	5 840	-	-
	Brown	156	-	-		" Jones' Loan A/c	120	-	-
	Jones	156	-	-		" Smith's Loan A/c	500	-	-
						" Capital Accounts—	800	-	-
						Jones, 19	2 660	-	-
						Brown, 17	1 862	-	-
							£ 12 782	-	-

JONES CAPITAL ACCOUNT

Dr

Cr

19	To Share of Robinson's Overdrawn A/c Cash	19		By Balance (Jones Loan A/c closed by Cash)		£ s d	
		£	s d			£	s d
		340	-			3 000	-
		2 660	-				
		£3 000	-			£3 000	-

BROWN'S CAPITAL ACCOUNT

Dr

Cr

19	To Share of Robinson's Overdrawn A/c Cash	19		By Balance		£ s d	
		£	s d			£	s d
		238	-			2 100	-
		1 862	-				
		£2 100	-			£2 100	-

ROBINSON'S CAPITAL OVERDRAWN ACCOUNT

Dr

Cr

19	To Balance Share of Deficiency	19		By Jones Cap A/c 1/4 Brown's Cap A/c 1/4		£ s d	
		£	s d			£	s d
		500	-			340	-
		78	-			238	-
		£578	-			578	-
						£578	-

EXERCISE XVI—No 40.

JOURNAL

19..		£	s	d	£	s	d
	Share Capital Account . .	150	-	-			
	To Forfeited Shares A/c . .				50	-	-
	„ Calls in Arrears A/c . .				100	-	-
	X (shareholder) . .	130	-	-			
	Forfeited Shares A/c . .	20	-	-			
	To Share Capital A/c . .				150	-	-
		£300	-	-	£300	-	-

EXERCISE XVI—No 41

JOURNAL

		£	s	d	£	s	d
	Profit and Loss Account . .	76,500	-	-			
	To Debenture Stock Interest . .				40,000	-	-
	„ Interest on Mortgages, etc . .				10,000	-	-
	„ Directors' and Trustees' Fees, etc . .				16,000	-	-
	„ Loss on House . .				5,000	-	-
	„ Compensation Levy . .				5,500	-	-
	Balances transferred						
	Profit and Loss Account . .	43,500	-	-			
	To Appropriation Account				43,500	-	-
	Balance transferred						
	Appropriation Account . .	43,500	-	-			
	To Dividends on Pref Shares . .				15,000	-	-
	„ Reserve Fund . .				28,500	-	-
	Balances transferred						
		£163 500	-	-	£163,500	-	-

EXERCISE XVI—No 41 (contd.)

PROFIT AND LOSS ACCOUNT

Dr

Cr

19		£	s	d	19		£	s	d
	To Debenture Stock Interest	40 000	-	-		By Balance	120 000	-	-
	Interest on Mortgages	10 000	-	-					
	Directors' Fees etc	16 000	-	-					
	Loss on House	5 000	-	-					
	Compensation Levy	5 500	-	-					
	Appropriation Account	43 500	-	-					
		£120 000	-	-			£120 000	-	-

APPROPRIATION ACCOUNT

Dr

Cr

19		£	s	d	19		£	s	d
	To Reserve Fund	28 500	-	-		By Profit and Loss Account	43 500	-	-
	, Dividends on Preference Shares	15 000	-	-					
		£43 500	-	-			£43 500	-	-

TRADING AND PROFIT AND LOSS ACCOUNT

	Debit Side	A DEPT		B DEPT		C DEPT		D DEPT		Total	
		£	s	d	£	s	d	£	s	£	s
19	To Stock	2 300	-	-	-	-	-	-	-	2 300	-
	By Purchases	19 000	-	-	1 100	-	-	700	-	20 100	-
	By Gross Profit	14 700	-	-	9 900	-	-	13 000	-	27 000	-
		£41 000	-	-	£18 000	-	-	£5 280	-	£31 280	-
										£103 680	-
										100%	
	To Rent Rates etc	540	-	-	686	-	-	324	-	1 900	-
	By Marine Insurance	720	-	-	483	-	-	452	-	2 400	-
	By Salaries	540	-	-	608	-	-	324	-	1 800	-
	By Travellers Expenses	1 620	-	-	1 098	-	-	872	-	5 400	-
	By Commissions	840	-	-	444	-	-	216	-	1 200	-
	By Advertising	1 440	-	-	1 776	-	-	864	-	4 000	-
	By Stationery etc	810	-	-	697	-	-	486	-	2 700	-
	By Telegrams	180	-	-	222	-	-	108	-	600	-
	By Bank Charges	16	-	-	44	-	-	21	-	120	-
	By Discount Account	450	-	-	555	-	-	270	-	1 500	-
	By Incidental Expenses	270	-	-	344	-	-	162	-	900	-
	By Factory Loss	900	-	-	1 110	-	-	510	-	3 000	-
	By Net Profit	6 834	-	-	1 98	-	-	560	-	7 593	-
		£14 700	-	-	£9 900	-	-	£5 280	-	£31 280	-
										£103 680	-
										100%	
19	By Sales	30 000	-	-	37 000	-	-	18 000	-	100 000	-
	By Stock	1 000	-	-	1 000	-	-	980	-	5 180	-
		£31 000	-	-	£38 000	-	-	£18 980	-	£105 680	-
										£103 680	-
	By Trading Accounts	14 700	-	-	9 900	-	-	5 280	-	33 180	-
	By Net Loss	£14 700	-	-	£9 900	-	-	£5 280	-	£70 813	-
										£103 680	-

EXERCISE XVI—No 42 (cont'd)

THE GENERAL TRADING CO LTD

GENERAL PROFIT AND LOSS ACCOUNT

Dr		19				Cr			
		£	s	d		£	s	d	
19	To Net Loss on C Dept	633			By Net Profits—	6 834			
	Bad Debts Reserve	300			A Dept	198	12		
	Discount Reserve	454			B Dept	560	8		
	Depreciation of Furniture	108			C Dept				
	Balance Net Profit c/d	6 098							
		£7 593				£7 593			

APPROPRIATION ACCOUNT

Dr		19				Cr			
		£	s	d		£	s	d	
19	To Half year's Dividend	450			By Profit for Year	6 098			
	Reserve Fund	3 000							
	Balance to Balance Sheet	2 648							
		£6 098				£6 098			

THE GENERAL TRADING CO., LTD.

BALANCE SHEET AS AT 30TH JUNE 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS.	
£	s d	£	s d
<i>Nominal Capital—</i>		Office Furniture	
20,000 6% Preference Shares of £1 each	—	1,080	—
20,000 Ordinary Shares of £1 each	—	108	—
£40,000	—	<i>Stocks—</i>	
	—	A Department	3,000
	—	B "	1,000
	—	C "	700
	—	D "	980
	—	Sundry Debtors	23,000
	—	Less Bad Debts Reserve	300
	—		5,680
	—	Less Discount Reserve	22,700
	—		454
	—	Coal Mining Syndicate Shares	22,246
	—	Bills Receivable	6,000
	—	Germanic Bank (Limited)	5,000
	—	Banque De La Republique	3,550
	—	British Bank (Limited)	2,500
	—		3,500
	—		49,448
	—		£49,448
<i>Issued Capital—</i>			
15,000 6% Preference Shares, fully paid	15,000		
15,000 Ordinary Shares, fully paid	15,000		
	—	30,000	—
	—	3,000	—
	—	1,500	—
	—	12,000	—
	—	300	—
	—	2,648	—
	—		£49,448
	—		£49,448
<i>Reserve Fund</i>			
Bills Payable	—		
Sundry Creditors	—		
Income Tax Reserve	—		
<i>Profit and Loss Account—</i>	—		
Balance available for Dividend	—		

THE CHIDDINGFOLD MANUFACTURING CO LTD

JANUARY 19

Cr

Dr	TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st JANUARY 19											
	£	s	d	£	s	d	£	s	d	£	s	d
To Stock 1st Feb	107	6	4				174	4	93			
Purchases	1	7	48				6	8	19			
Less Returns Outwards												
Carriage Dock etc etc				98	8	16						
Wages (factory)				4	7	73						
Fuel Lighting and Water				12	7	04						
Packing				-	18	3						
Balance Gross Profit c/d				34								
				44	9	43						
				£20	7	13				£202	7	13
To Advertising												
Postage and Incidental				6	4	9						
Catalogues and Price Lists				4	18							
Machinery Repairs				1	7	7						
Office Expenses				8	1	1						
Office Expenses Stationery and Telephone				1	0	22						
Less Telephone Rent prepaid				4								
Debiture Interest												
Directors Salaries												
Salaries and Travellers Commission				10	6	91						
Add Travellers Commission on owing				3	4	2						
Rents Rates Taxes and Insurance				3	1	7						
Add Rent due				3	5	7						
Less Insurance unexpired				5	4	1						
Bad Debts												
Bank Interest and Charges				4	0	11						
Legal Expenses and Audit Fee				4	2							
Doubtful Account				4	18							
Doubtful Reserve on Debtors (provided)				2	7	6						
Depreciation—				5	0							
Machinery and Plant (10% of £8750)				8	7							
Carts and Horses				2	1	4						
Buildings				9	6							
Balance Net Profit c/d				1	9							
				19	2	91						
				£44	9	43				£44	9	43

EXERCISE XVII—No 1

An electrical firm may be manufacturing (a) wireless sets (b) electric vacuum cleaners and (c) electric irons each being produced in a separate department. As there are three distinct classes of goods the factory may be divided into three departments and the cost of each department ascertained. When this has been done the total cost of each can be divided by the output of each to give the cost per unit. The materials used wages and expenses should be analysed into departmental costs by means of abstracts and the sales of each department analysed in the Sales Day Book. A departmental overhead rate should be arrived at for factory expenses and indirect wages after carefully ascertaining the facts by analysis. This factory overhead may be charged to the respective departments on the basis of direct wages or on working hours or number of units produced. Probably the direct wages basis will render the most reliable results.

The expenses enumerated may be dealt with in Cost Accounts as follows—

- (a) Rent and rates allocated to departments on basis of area occupied by each department
- (b) Discount and bank charges divided in ratio to money value of sales from each department
- (c) Depreciation divided according to inventory value of machinery and plant
- (d) Travellers' salaries and expenses apportioned in ratio to money value of sales from each department
- (e) Management salaries allocated in the ratio of wages paid in each department. It is presumed these salaries are for departmental management.
- (f) Debenture interest divided according to capital value of assets in each department.

EXERCISE XVII—No 2

See *Advanced Accounts* page 809 (under Classes of Cost Accounts.)

EXERCISE XVII—No 3

Simpson & Co. in order to gain the information *re* the cost of the manufacture of various pumps will inaugurate a system of costing of which the following suggestions are the main features—

- (1) The materials issued for use on each class of pump to be indented for on suitable Stores Requisition Cards that will enable the Costing Department to know precisely the amount of materials used on the manufacture of each class of pump.
- (2) The wages paid to workmen engaged on constructing the pumps to be entered in a suitably ruled Wages Analysis Book so that the exact amount of wages paid on each class of pump made may be correctly allocated.
- (3) Indirect expenditure must be equitably charged against each class of pump manufactured. For this purpose a proportion on the basis of wages paid on each class of pump made would be a fair charge.

EXERCISE XVII—No 4

See *Advanced Accounts* page 831 (Colliery Cost Sheet)

EXERCISE XVII—No 5.

See *Advanced Accounts*, page 809 (1st section); also pages 810 and 811
Specimen of Cost Sheet as on page 830 of *Advanced Accounts*

EXERCISE XVII—No 6

The unit or units of output for the preparation of Cost Accounts of—

Breweries is per barrel of beer brewed

Brickworks is per 1,000 bricks made

Collieries is per saleable ton of coal raised

Electric Light Works are (a) per ton of coal used and (b) 100 Board of Trade units of electricity sold

Gasworks are (a) per ton of coal carbonized, and (b) 1,000 cu ft or therm of gas sold

Iron and Steel Manufacturers is per ton of iron, or steel produced.

Tramways are (a) per car mile run and (b) per k w hour.

Water Works is per 1 000 gal of water consumed

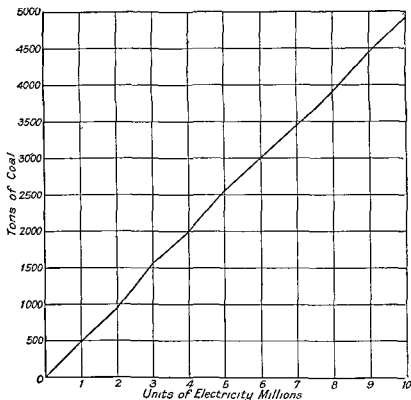
EXERCISE XVII—No 7

Conclusions to be drawn are—

- (1) Output has increased in direct ratio with increased expenditure.
- (2) Percentage of expenditure in relation to output is moderate
- (3) Uniform ratio of expenditure with output for two years suggests that little or no margin for waste of material was possible
- (3a) Wages appear on the up grade
- (4) An efficient system of costing was in operation

EXERCISE XVII—No 8

Chart showing Output of Electricity and Consumption of Coal



EXERCISE XVII—No 9

See *Advanced Accounts* page 810 (under Objects of Cost Accounts)
Suitable tests to ensure accuracy are as follows—

(a) The amounts expended on materials and wages should agree with the amounts in the accounts of materials and wages in the financial books (although arrived at independently) by comparison

(b) If the Cost Books have been kept on the double entry principle reconciliation with financial books should be attempted and if the result is an approximation to agreement it may be assumed accurate records are being kept

EXERCISE XVII--No. 10.

The advantages of the Card System for Cost Records are—

(a) Each Card (as illustration) can be withdrawn when it has served its purpose and filed for future reference.

(b) Cards can be written up simultaneously by being handed to responsible clerks

(c) Any account can be withdrawn without interfering with the correct working of the system, as each CARD bears its own significant INDEX number

ILLUSTRATION OF A CARD

[illegible]

EXERCISE XVII—No. 11

The information obtained by a careful tabulation of comparative statistics, etc. in relation to—

(a) *Gross Profit* shows that the selling price has been satisfactorily arrived at so as to give a margin over cost price. The percentage would show precisely the margin of profit—whether adequate or otherwise.

(b) *Wages* in regard to output or turnover are proved reasonable if not disproportionate to other expenditure on the same work or in the same business. The percentage figure would readily indicate the proportion of cost of wages to total cost clearly pointing out to the management just what adjustment (if any) would be necessary.

(c) *Stock* and (d) *Materials* as regards fluctuation in prices, and as to whether the percentage of such in relation to output or turnover are subject to like variations. If such changes are noted, there is evidence of keen oversight and judicious management. Should the cost of Stock and Materials appear very heavy in relation to output or turnover, it may point to (a) waste of material, or (b) increase cost of material and no advance in selling price etc.

(c) Costs of Distribution as regards the relation such costs bear to gross profit, indicating on a high percentage that the question of overhead requires close attention, or that office organization needs better supervision. A low

EXERCISE XVII—No 11 (contd)

percentage of Costs of Distribution would indicate a satisfactory and efficient administration

(f) The detection of fraud in Accounts is in regard to fluctuation of percentages generally calling for close investigation into their cause

EXERCISE XVII—No 12

The firm would require to institute a system of costing in addition to the usual financial records. As the main undertaking of the firm is on **CONTRACTS** it would be expedient to have the following additional books—

- (1) Stores Received
- (2) Stores Issued
- (3) Stores Ledger
- (4) Wages Book (analysis columns for wages paid on each **CONTRACT**)
- (5) Cos (or it may be termed **CONTRACTS**) Ledger

The ordinary Purchase Books may be modified (as to rulings) as is illustrated on page 822 of *Advanced Accounts*

Materials issued for use on contracts must be by special requisition and suitable forms will be used

EXERCISE XVII—No 13

See *Advanced Accounts* pages 825 (under **OVERHEAD**) and 826

EXERCISE XVII—No 14

The answer to Question XVII—No 12 will suit this question. The co-ordination with the commercial accounts is effected by an adjustment account constructed on the self balancing Ledger principle

EXERCISE XVII—No 15

The **COST BOOK ACCOUNT** is the Total Account of Expenditure on Contracts incorporated in the Nominal Ledger in order to co ordinate the Cost Books with the financial books

EXERCISE XVII—No 16

The basis on which standing charges and establishment expenses are to be allocated requires a close investigation into questions of expenditure on materials, wages and of the class and use of machinery before determining the question. Note must be taken in the instance under consideration that there are two problems to be overcome (1) castings in one case are large and heavy and (2) castings are very small and intricate. The inference is that in No 1 the cost of materials would be great and the payment in Wages small (comparatively) and that No 2 indicates the cost of materials to be small and the payment in Wages to be large (comparatively). The use of machinery in No 1 may be less expensive than that used on No 2. It appears then that the allocation of **OVERHEAD** must be on the following bases—

EXERCISE XVII—No. 16 (*contd.*)

(a) For large and heavy castings—

Materials . . . £
 Labour . . . £

OVERHEAD—

Factory (Item No 1) .

(Item No 1 × 100)
 Materials

General (Items Nos 2-5)

(Items Nos 2-5 × 100)
 Factory Cost

TOTAL COST

(b) For very small and intricate castings—

Materials . . . £
 Labour . . . £

OVERHEAD—

Factory (Item No 1) .

(Item No 1 × 100)
 Wages

General (Items 2-5)

(Items Nos 2-5 × 100)
 Factory Cost

TOTAL COST

EXERCISE XVII—No. 17

See *Advanced Accounts* page 825 (under OVERHEAD)

EXERCISE XVII—No. 18

REVENUE ACCOUNT (WITH PERCENTAGES FOR OTHER YEARS)

DEBITS.	Amount	3rd Year	2nd Year	1st Year
To Stock, 1st Jan £3 000 less Stock 31st Dec £2,000	£ 1 000	10 00	10 25	11 00
" Purchases	2,500	25 00	24 60	25 75
" Wages	3,500	35 00	34 65	36 00
" Salaries	700	7 00	8 05	7 23
" Trade Expenses	500	5 00	5 74	4 78
" Office Expenses	200	2 50	3 44	3 25
" Bad Debts	75	7 5	65	70
" Commission to Travellers	100	1 00	1 20	1 13
" Interest and Commission	35	35	40	37
" Balance, Net Profit	1,190	11 90	10 81	9 79
CREDITS	£ 10 000	100 00	100 00	100 00
By Sales, Net	10,000	100 00	100 00	100 00

The advantages connected with a tabular system of percentages are as enumerated in the answer to Question XVII—No. 11

The disadvantages are that percentages on actual figures do not explain circumstances that give rise to variations in purely statistical results, and on that account may be misleading

EXERCISE XVII—No 19

Methods of remuneration are discussed on pages 814 to 816 of *Advanced Accounts*

EXERCISE XVII—No 20

Control of time is explained on page 812 of *Advanced Accounts*

EXERCISE XVII—No 21

Control of material in a costing system is provided for by the use of the following cards and books (for explanations of Uses to which Cards and Books are put see *Advanced Accounts* pages 817 to 825)

CARDS

- 1 Store Record Card
- 2 Bin Card
- 3 Store Requisition
- 4 Materials Abstract (a sheet)

BOOKS

- 1 Stores Received Book
- 2 Stores Issued Book
- 3 Stores Ledger
- 4 Purchase (Analysis) Book
- 5 Cost Ledger

EXERCISE XVII—No 22

See Form of Wages Abstract on page 816 of *Advanced Accounts*

EXERCISE XVII—No 23

See Chart of Components of Cost on page 811 of *Advanced Accounts*

EXERCISE XVII—No 24

Dr PUBLICATION OF BOOK ACCOUNT

Cr

		£	s.	d			£	s.	d
Year 1	To Printing Wages	1	120		Year 1	By Sales 2 500 Copies at 6s.	1	750	
	" Paper	1	190			Stock at Cost c/d		149 10	
	Binding Material	1	110						
	Advertising	1	40						
	Royalties	1	125						
	Profit on Sale	1	314	10					
			£899	10				£899	10
Year 2	To Stock at Cost b/d		149	10	Year 2	By Sales—1 000 at 6s.		360	
	Royalty on 1 300 copies at 1s.					Sales—100 at 3s		15	
	" Profit on Sale		160	10					
			£375					£375	

EXERCISE XVII No 24 (contd)

JOURNAL

			£	s	d	£	s	d
Year 1	Publication of Book Account	2	460	-	-			
	To Printing Wages					120		
	„ Paper					190		-
	„ Binding Materials					110		-
	„ Advertising					40		-
	Transfer of costs of production etc of book							
Year 1	Publication of Book Account	2	125					
	To Author					125		
	Royalty at 1s each on 2 500 copies sold							
	Author		125					
	To Bank					125		
	Payment of royalty on 2 500 copies sold							
Year 1	Sundry Customers	2	750					
	To Publication of Book Account 2 500 copies sold at 6s each					750		
			£1 460			£1 460		

EXERCISE XVII No 25

Minimum Stock
Minimum Stock

STORIS LTD CER
Article
Order Level

Account No
Col No
Unit

UE

P

Date	Item Whom Ordered	Inventory No	Quantity	Cost per Unit	Invoice Certificate		Date	To Whom Ordered	Date	Requisition No	Quantity	Unit	Value
					Date	Invoice							
May 14	X row B y son	28 84	20	56 5	10 6	1 W	10 6	10 6	10 6	97 21	50 00 5	56 5	4 3 5 25 5 3 5 77 0
June 1	ance		20	56 5	10 6	1 W	10 6	10 6	10 6	97 21	50 00 5	56 5	4 3 5 25 5 3 5 77 0

EXERCISE XVII—No. 25 (contd.).

The first supply of 100 articles have all been issued and 50 of the second supply, leaving 150 of the second supply at 5s in the Account would be—

RECEIPTS					ISSUES									
Date	From Whom Received	Delivery Note No	Quantity	Cost per Unit	Invoice Certificate		Amount	Date	To Whom (or Work) Issued	Requestion Note No	Quantity	Issue Price per Unit	Value	
					Date Paid	Initials								
10 May 14	X Brown B Wilson	26 64	100 200	5/6 5/-	10/6	J W	£ 27 10 - 50 -	19 May 8 ' 21 ' 31	Job No 179 Job No 179 Job No 179 Balance	97 211 211	50 50 50 150	5/6 5/6 5/- 5/-	£ 13 15 - 13 15 - 12 10 - 37 10 -	
June 1	Balance		300 150				£ 77 10 - 37 10 -				300		£ 77 10 -	

The second Account illustrates a system which if used with reasonable limits, could be

The second Account illustrates a system which, if used would result in the values of the physical stock agreeing, within reasonable limits with the values as disclosed by the stores records.

EXERCISE XVII--No 26

The following is a Cost Sheet for the production of Pedestal Bearings—

COST SHEET

Works Order No 7841

Date 5th April 19

Customer F Wilson

Promised 20th April 19

Particulars 10 x 3

Delivered 18th April 19

Pedestal Bearings

Wages				Materials Used	Requisition Note No			
Shop No 1	Shop No 2	Shop No 3				£	s	d
Apr 8 12 hours at 2/6	2 hours at 2/	16 hours at 2/-	Apr 8	Iron Castings	271	£	2	8
15 14 hours at 2/6	2 hours at 2/	10 hours at 2/		Brass Castings	272		2	
				W I Bar 1½	273		1	10
				Steel Nuts	274		5	6
26 hours at 2/6	4 hours at 2	7½ hours at 2/						
Total Materials								
Wages—								
Shop No 1—26 hours at 2/6								
2—4 2/								
3—26 2/								
Total Wages								
Factory Expenses—								
Shop No 1—26 hours								
2—4								
30 at 2/								
3—2 at 3/								
Total Factory Overhead								
Office Overhead 20%								

A Wages Abstract is made showing the allocation of the total wages paid against the various jobs and it is from this that the information as to the wages in each of the three shops shown in the Cost Sheet is obtained. Issues from stores of materials for use on jobs are made on Requisition Notes and it is from these requisitions that particulars of the materials shown in the Cost Sheet are obtained. The Factory Expenses are on the basis of so much per labour hour of each shop determined from data of actual shop costs divided by shop labour hours. The office overhead is determined from data of actual office overhead divided by factory cost multiplied by 100 to give the percentage of office overhead to be added in Cost Sheets. The materials issued will be recorded in a Materials Abstract Book from which the total stores issued can be determined.

✓ EXERCISE XVII—No. 27.

When possible it is desirable to maintain agreement between the financial and costing records in order that a check may be kept on the costing records, and to avoid undiscovered omissions of material, wages or other costs in the work of the Costing Section. The extent to which it is desirable to maintain such agreement is the prime cost and works overhead at least, and it may extend also to office overhead. Purchases should be dealt with as follows—

(a) Items from Purchase Analysis Book for goods supplied direct to contracts are posted to the Cost Ledger and in the financial books these items are posted individually or by means of monthly totals of analysis columns provided for the purpose to appropriate accounts and summarized to the debit of Manufacturing Account.

(b) The summary of material issued from stores prepared from Stores Issue Notes should be recorded in a Materials Abstract Book. The details of materials are posted to the debit of the jobs concerned and in the financial books the total of these items goes to debit of Manufacturing Account, and credit of Materials Account.

As regards wages the total wages shown by the wages abstract will be charged to the individual jobs in the Cost Ledger and debited in the financial books to Manufacturing Account. Wages chargeable to expenses items will be debited to Expenses Account in the nominal Ledger and the total amount of wages earned credited to the Wages Account.

Carrying out the foregoing the Cost Ledger records are—

Various Job Accounts

	£	s	d
To Materials (direct)	78	19	6
, Materials (stores issues)	276	9	1
, Wages	129	18	6

COST LEDGER SUMMARY

Job No.	Name	Materials						Wages		
		Special			Stores					
356	Jones Brothers (and others) Note: These figures summarize what in practice would be given in detail	£ 78	s 19	d 6	£ 276	s 9	d 1	£ 129	s 18	d 6

and the financial book records are—

Dr		MATERIALS ACCOUNT						Cr		
		£	s	d	By Manufacturing Account Stores Issue, as per Issue Note			£	s	d
								276		1
Dr		DIRECT MATERIALS ACCOUNT						Cr		
			s	d	By Manufacturing Account			£	s	d
								78	19	6
Dr		WAGES ACCOUNT						Cr		
		£	s	d	By Manufacturing Account			£	s	d
								129	18	6

EXERCISE XVII—No 27 (contd.)

Dr	MANUFACTURING ACCOUNT						Cr
	£	s	d				£ s d
To Materials Used—							
Special Purchases	78	19	6				
Store Issues	276	9	1				
Wages	129	18	6				

The actual cost of purchases delivered to stores is brought to debit of Materials Account the balance of that account being the cost of materials in store and can be checked by physical stock taking. The cost of purchases of material delivered direct to jobs is debited to Direct Materials Account and the credit entry should close the account. The wages paid should be debited to Wages Account the credit entry shown above closing the account though it may be necessary to take into account wages not allocated that should be transferred to Works Expenses Account. The total of the debit to Manufacturing Account should equal the total of work in progress as shown by a schedule taken from the Job Accounts in the Cost Ledger. When a job is completed its cost is shown separately in the Cost Ledger Summary and is transferred to a Finished Goods Account in the financial books from the Manufacturing Account by the introduction to the credit of that account as a carry down figure of the cost value of work in progress the balance being cost of work completed the figure being compared with the completed job total in the Cost Ledger Summary.

EXERCISE XVII—No 28

The expedient adopted would be for the Lord Mayor's Secretary to pay a cheque for the sum of £2 000 into the Bank of India London for the credit of the Indian Famine Fund Madras.

The Bank would then cable to their Madras Branch advising them to credit the Indian Famine Fund with the amount.

LONDON							
Dr	CASH ACCOUNT						Cr
				19	By Indian Famine Fund (Madras)	£	s d
						2 000	- -
Dr	INDIAN FAMINE FUND (MADRAS)						Cr
19	To Cash	£	s d				
		2 000	-				
MADRAS							
Dr	CASH ACCOUNT						Cr
19	To Lord Mayor's Fund (London)	£	s d				
		2 000	-				
Dr	LORD MAYOR'S FUND (LONDON)						Cr
				19	By Cash	£	s d
						2 000	- -

EXERCISE XVII—No 29

ACCOUNT SALES OF 74 CASES OF BRADFORD GOODS sold by Messrs Robinson & Co., for account and risk of Charles Richardson & Co., London

19..		£	s	d	£	s	d
	30 cases Bradford Goods @ £120 per case				3,600	—	—
	24 cases Bradford Goods @ £125 per case				3,000	—	—
	20 cases Bradford Goods @ £130 per case				2,600	—	—
					£9,200	—	—
	<i>Charges</i>						
	Landing Charges	7	—	—			
	Insurance and Freight	20	—	—			
	Commission, 2½% of £9,200.	230	—	—			
					257	—	—
					£8,943	—	—

CHAS RICHARDSON'S LEDGER

Dr		CONSIGNMENT ACCOUNT				Cr		
19		£	s	d	19	£	s	d
Feb 1	To Goods on Consignm't	7 400	—	—	Feb 21	By Robinson & Co	8 943	—
" 1	" Cash—					(Account Sales)		
	Freight £30							
	Insurance 12							
		47	—	—				
" 21	.. Balance Net Profit	1 496	—	—				
		£8 943	—	—		£8 943	—	—

ROBINSON & CO'S LEDGER

Dr		CONSIGNMENT INWARDS ACCOUNT				Cr		
19		£	s	d	19	£	s	d
Feb 21	To Chas. Richardson	7 400			Feb 21	By Sundry Debtors	9 200	
	" Landing Charges £ 7							
	" Insnce & Freight 20							
	" Commission 230							
	(2½% of £9 200)							
		257						
	" Balance due to Chas Richardson	1 543						
		£9 200				£9 200		

REALIZATION ACCOUNT

Dr

Cr

19	To Sundry Assets		£	s	d	19		By Cash Balance	Loss on Realization transferred to Defcy A/c	£	s	d	10 380	
			10 480					A s share 1		700				
								B s share 1		700				
								C s share 1		700				
			£ 12 480										2 100	
												£ 12 480		

CASH ACCOUNT

Dr

Cr

19	To Balance Realization A/c Deficiency A/c— A B	£	s	d	19		By Sundry Creditors	Bills Payable	A s Capital A/c (1/3 of £7 700) B s Capital A/c (2/3 of £7 700)	£	s	d	3 800 900	
		700 700								4 900				
										2 800				
													7 700	
												£ 12 400		

DEFICIENCY ACCOUNT					Cr		
Dr					£	s	d.
19	To Realization A/c	19		By Cash— A B	700 700	-	-
				C's Capital drawn A/c			-
				Over			-
					1 400	-	-
					700	-	-
					£2 100	-	-

A's CAPITAL ACCOUNT					Cr		
Dr					£	s	d.
19	To Drawings Cash	19		By Balance	6 000	-	-
					1 100	-	-
					4 900	-	-
					£6 000	-	-

A's DRAWINGS ACCOUNT					Cr		
Dr					£	s	d.
19	To C's Overdrawn A/c	19		By Balance Capital A/c	700 1 100	-	-
					£1 800	-	-

B's CAPITAL ACCOUNT

Dr	Cr			
	£	s	d	
19 To Drawings Cash	200			
	2 800			
	£3 000			
				By Balance
				3 000
				£3 000

B's DRAWINGS ACCOUNT

Dr	Cr			
	£	s	d	
19 To C's Overdrawn	800			
	£900			
				By Balance Capital Account
				700
				200
				£900

C's CAPITAL OVERDRAWN ACCOUNT

Dr	Cr			
	£	s	d	
19 To Drawings Share of Deficiency	3 000			
	700			
	£3 700			
				By Capital Account Balance—
				A's share — £
				B's share — £
				1 800
				900
				2 700
				£3 700

FINAL STATEMENT

Dr	Cr			
	£	s	d	
19 A received 19 of £3 700	4 900			
Less Share of Deficiency	700			
B received 19 of £3 700	2 800			
Less Share of Deficiency	700			
	£3 200			
				Cash
				8 900
				£8 900

EXERCISE XVII—No 31

JOURNAL

19..		£	s	d	£	s	d
	Business Purchase Account	50 000	-	-	50,000	-	-
	To B						
	B	25,000	-	-	25,000	-	-
	To Share Capital Account						
	Application Account	12,500	-	-			
	Allotment Account	12 500	-	-			
	First Call Account	12 500	-	-			
	Final Call Account	12 500	-	-			
	To Share Capital Account				50,000	-	-
	5/- per share on 50 000 shares issued on application allotment and calls respectively						
	Share Capital Account	820	-	-			
	To Forfeited Shares Account				615	-	-
	" Final Call				205	-	-
	5/- unpaid on 820 shares						
		£125 820	-	-	£125 820	-	-

Dr		CASH BOOK				Cr					
		Bank				Bank					
19	To Application A/c Allotment A c First Call A/c Final Call A c (£12 500 £205)	£ 12 500 12 500 12 500 12 295	s - - - -	d - - - -	19	By Vendor Preliminary Exps Balance c/d	£ 25 000 2 290 22 595	s - - -	d - - -		
		£	49 795	-	-			£	49 795	-	-

EXERCISE XVII --No 32

Class of Costing	Explanation
Single	Applicable to businesses supplying a uniform product such as collieries breweries quarries etc
Departmental	Used to ascertain the profits of departments
Process	A system used to ascertain the cost of each stage of manufacture through which material passes until it becomes a final product
Job	Used to ascertain the cost of production against each job undertaken
Terminal	Applicable to undertakings where definite contracts are entered into e.g. building ships
Multiple	This method is used for undertakings in which a number of products are involved bearing little or no apparent relation to each other in cost or selling price e.g. cycles hosiery boots etc
Operating	A system of costs applied where concerns carrying on public services e.g. railways tramways gas and water undertakings etc

EXERCISE XVII—No 34

<i>Dr</i>		ROYALTIES ACCOUNT			<i>Cr</i>			
		£	s	d		£	s	d
1935								
Apr 1	To Landlord Royalty of 1s a ton on 5 000	250	-	-	By Trading Account	250	-	-
1935								
Apr 1	To Landlord Royalty of 1s. a ton on 13 000	650	-	-	By Trading Account	650	-	-
1937								
Apr 1	To Landlord Royalty of 1s. a ton on 20 000	£1,000	-	-	By Trading Account	£1 000	-	-

<i>Dr</i>		SHORT WORKINGS ACCOUNT					<i>Cr</i>		
		£	s	d			£	s	d
1935 Apr 1	To Landlord	250	-	-		By Balance c/d	250	-	-
	To Balance b/d	250			1936 Apr 1	By Landlord	150	-	
						Balance c/d	100		
	To Balance b/d	£100			1937 Apr 1	By Landlord	£100		

LANDLORD'S ACCOUNT

Cr

10

		d	s	d		d	s	d		d	s	d
1835 Apr 2	To Cash			387 10					By Royalty of 1s a ton on 9 000 tons			
	Income Tax at 4s 6d in £ on £50			112 10			500		Shortworkings Account			500
1836 Apr 1	To Shortworkings Account											
	Cash			387 10					By Royalty of 1s a ton on 13 000 tons			650
	Income Tax at 4s 6d in £ on £500			112 10			500					
								£650				
1837 Apr 1	To Shortworkings Account								By Royalty of 1s a ton on 20 000 tons			1 000
	Cash			686 5			100					
	Income Tax at 4s 6d on £900			213 15			900					
								£1 000				

EXERCISE XVII—No 35.

(a) As repairs and renewals are undertaken at an opportune time, such as to plant and machinery when business is poor and the machinery consequently not running full time the cost under this heading may vary very considerably in successive years. To avoid revenue being charged each year with very unequal sums, a fixed amount may be charged each year to Profit and Loss Account and credited to a Repairs and Renewals Reserve Account the actual cost of repairs and renewals in each year being charged to the reserve.

(b) The advantage is that an equal annual amount is charged to revenue for repairs and renewals, the actual cost being thus spread evenly over successive years.

(c) REPAIRS AND RENEWALS RESERVE

Dr					Cr				
Year		£	s	d	Year		£	s	d
1	To Cost of Repairs and Renewals	163	7	6	1	By Profit and Loss Account	300	-	-
	Balance c/d	136	12	6					
		£300	-	-			£300	-	-
2	To Cost of Repairs and Renewals	300	-	-	2	By Balance	136	12	6
		£300	-	-		Profit and Loss Account	300	-	-
						Balance c/d	3	7	6
							£300	-	-
3	To Balance	63	-	6		By Profit and Loss Account	300	-	-
	Cost of Repairs and Renewals	124	3	6					
	Balance c/d	112	9	-					
		£300	-	-			£300	-	-
					4	By Balance	112	9	-

(d) The balance of the account would appear in the Balance Sheet. In years 1 and 3 it would be on the liabilities side, and in year 2 on the assets side.

EXERCISE XVIII—No 1

See *Advanced Accounts*, page 848 (under appropriate heading)

EXERCISE XVIII—No 2

See *Advanced Accounts*, page 848 (under appropriate heading)

EXERCISE XVIII—No 3

See *Advanced Accounts*, page 849 (under "Depreciation and Renewals").

EXERCISE XVIII—No 4

See *Advanced Accounts* page 849 (under Depreciation and Renewals)

EXERCISE XVIII—No 5

See *Advanced Accounts* page 848 (under Capital Account)

The Capital Account of a Commercial Limited Company shows only the liability of the company to its shareholders

EXERCISE XVIII—No 6

(a) Companies incorporated under special Acts of Parliament for the purpose of acquiring or constructing and working large public undertakings such as—

- | | |
|--------------|--------------------------------------|
| (1) Railways | (3) Gasworks |
| (2) Tramways | (4) Electric Light Installations etc |

(b) The principal reason for the application of the Double Account System is in regard to the presentation of Receipts and Expenditure on Capital Account which is practically a Cash Statement explanatory of how the Company has employed the shareholders' money. The statement is the first part of the Double Account Balance Sheet.

EXERCISE XVIII—No 7

See *Advanced Accounts* page 856 for *pro forma* Example of Capital Receipts and Expenditure Account. Depreciation under the Double Account System is provided by a charge against NET Revenue Account of a fixed annual amount which is credited to a Depreciation Fund Account.

THE CORNWALL COLLIERY CO
RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 19

GENERAL BALANCE SHEET AS AT 31st DECEMBER 19

AS AT 31st DECEMBER 1901	
ASSETS	
Short Work ings	
Stock	
Sundry Debtors	
Investments	
Cash in hand and at Bank	

ASSETS		LIABILITIES	
£	d	£	d
20 000		20 000	
15 000		15 000	
0 000		0 000	
6 000		6 000	
9 000		9 000	
25 000		25 000	
£ 95 000		£ 95 000	

EXERCISE XVIII—No 10 (cont'd)

SINGLE ACCOUNT SYSTEM
BALANCE SHEET AS AT 31ST DECEMBER 19..

CAPITAL AND LIABILITIES	£		s		d	£		s		d	£		s		d
	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
Nominal Capital—															
250 000 Shares of £1 each	250 000												8,500		
Issued Capital—													9,000		
110 000 Ordinary Shares of £1 each fully paid	110 000												35,000		
60 000 6% Preference Shares of £1 each fully paid	60 000												13,500		
Debtures 5%				170 000									159 500		
Reserve Fund and Account				30 000									20 000		
Bills Payable				15 000											
Sundry Creditors				6 000											
<i>Profit and Loss Account—</i>				9 000											
Balance				25 000											
				£255 000											
													130 500		
													1 000		
													12 000		
													35 000		
													17 000		
													30 000		
													£255 000		

Dr

	Expended to 30th June 19	Expended to 30th June 19	Total Expended to 30th June 19		Rece pts
	£ s d	£ s d	£ s d		£ s d
To 1 reboild Land	9 000		9 000	By Ordinary Shares of £10 each	24 000
" 1 ings	4 000	1 000	5 000	£5 per Share paid	15 000
" 1 ings of Machinery & Plant	8 000	4 000	12 000	Debtors paid up	
Transformers & others etc.	1 000	1 000	2 000		
Meters	5 000	3 000	8 000		
" 1 ings	500	1 000	1 500		
" 1 ings of plant	300	100	400		
" 1 ings of plant	250		250		
	£20 350	£10 100	30 450		
Balance to Balance Sheet			2 550		
			£30 000		£30 000

GENERAL BALANCE SHEET AS AT 30TH JUNE 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Capital Account—				Stores on hand—			
Credit Balance	2 550			Coal Oil Waste etc	100		
Sundry Creditors	1 000			General Stores	2 350		
Depreciation Fund	2 760						
Debtors Interest	900			Sundry Debtors			2 450
Net Revenue Account—				Sundry Debtors for Interest on			3 000
Credit Balance	1 560			Calls in arrear			25
				Cash at Bankers and in hand			3 300
	£8 775						£8 775

THE DYNAMO ELECTRIC LIGHTING CO., LTD.

REVENUE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Dr.

Cr.

	£	s	d	£	s	d	£	s	d
To Coal, or other Fuel including <i>Expenses on the same</i>	1,900						8,750		
" Oil, Water, Cotton Waste Engine	750						5,000		
" Room Stores	3 000						300		
" Wages at Station	500						25		
" Repairs, Maintenance & Renewals				6,150					
" Rates and Taxes				300					
" Directors' Fees				1,000					
" Salaries of Staff	1,500								
" Stationery and Printing	600								
" General Establishment Charges	100								
" Law Charges				2 200					
" Depreciation—				200					
Buildings @ 2½% of £5 000	125								
Machinery @ 7½% of £10,000	750								
Mains @ 5% of £8 000	400								
Transformers @ 10% of £2,000	200								
Meters @ 15% of £1,500	225								
Electrical Instruments @ 15% of £400	60								
" Net Revenue Account				1 760					
				2,465					
				14,075			£ 14,075		

EXERCISE XVIII--No. 11 (cont'd.)

THE DYNAMO ELECTRIC LIGHTING CO LTD

NET REVENUE ACCOUNT

	Dr			S d	d s
To Interest on Debentures				£ 900	- -
" Balance available for Dividend on Ordinary Stock or Shares				1 565	- -
				£2 465	- -
			By Balance from Revenue A/c		£ 2 465
					- -
					- -
					- -

EXERCISE XVIII—No 12

THE DURHAM RAILWAY CO

RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT
FOR THE HALF YEAR ENDED 31ST DECEMBER 19

	Expended to 30th June 19		Expended during Half year		Total		Received to 30th June 19		Received during Half year		Total	
	£	s d	£	s d	£	s d	£	s d	£	s d	£	s d
To Lines Open for Traffic	825 940	-	25 000	-	851 950	-	290 000	-	10 000	-	300 000	-
Lines in Course of Construction	4 000	-	1 000	-	5 000	-	480 000	-	70 000	-	550 000	-
Lines not commenced	50	-	-	-	50	-	24 000	-	1 000	-	25 000	-
Work on Stock	125 000	-	5 000	-	130 000	-	200 000	-	-	-	200 000	-
Contributions to Joint Lines	50 000	-	-	-	50 000	-	£934 000	-	£31 000	-	£1 025 000	-
Purchase of Grand Canal	5 000	-	-	-	5 000	-	-	-	-	-	17 000	-
	£1 011 000	-	£31 000	-	£1 042 000	-	-	-	-	-	£1 042 000	-

THE DURHAM RAILWAY CO
GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19 .

LIABILITIES	£		s		d	ASSETS		£		s		d.
	£	s	£	s				£	s			
Debts due to other Companies			500	-	-	<i>Capital Account—</i>		17 000	-	-	-	-
Sundry Tradesmen etc			20 000	-	-	Debit Balance		5 000	-	-	-	-
Fire Insurance Fund			1 500	-	-	Cash at Bank			-	-	-	-
Superannuation Fund			5 000	-	-	<i>General Stores—</i>			-	-	-	-
<i>Net Revenue Account—</i>						Stock of Materials		10 000	-	-	-	-
Credit Balance			20 000	-	-	Traffic Accounts due to Company		10 000	-	-	-	-
						Amounts due from other Companies		1 000	-	-	-	-
						Sundry Tradesmen, etc		4 000	-	-	-	-
								47 000	-	-	-	-

EXERCISE XVIII—No 13

THE TRENT VALLEY WATER CO
CAPITAL ACCOUNT, 31ST DECEMBER, 19 .

Dr.

Cr.

EXPENDITURE	£		s		d	RECEIPTS		£		s		d
	£	s	£	s				£	s			
To Purchase of Land			3 000	-	-	By 60,000 Ordinary Shares of £1 each		60 000	-	-	-	-
" Construction of Works			102 330	-	-	" 20 000 Preference Shares of £1 each, 6%		20 000	-	-	-	-
" Mains and Service Pipes			11 920	-	-	" Debenture Stock, 5%		20 000	-	-	-	-
" Meters			1 050	-	-	" Premiums on Shares		20 000	-	-	-	-
" Parliamentary Expenses			2 000	-	-	" Balance to Balance Sheet		300	-	-	-	-
								120 300	-	-	-	-

THE TRENT VALLEY WATER CO

Dr.

RESERVE FUND ACCOUNT

Cr

19..	To Balance	• • • c/f	19		By Balance	• •	£		s	d
			Jan 1	Dec 31			£	253		
Dec 31					" Net Revenue A/c		500	242		
							£500			

GENERAL BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES		£		s		d		£		s		d	
Reserve Fund Account	• • •	500								300			
Sundry Creditors	• • •	841								340			
Unclaimed Dividends	• • •	20											
Balance from Net Revenue Account		4 232						1,242					
								48					
										1,290			
								250					
								250					
								3 353					
										500			
								250					
								3,103					
								60					
										3,163			
										£5 593			

EXERCISE XVIII—No 14

<i>Dr</i>		GAS SALES ACCOUNT				<i>Cr</i>	
				19	By Sundry Consumers	£ 370	s 10 d -
<i>Dr</i>		COKE SALES ACCOUNT				<i>Cr</i>	
				19	By J Smith	£ 6	s 15 d -
<i>Dr</i>		SUNDRY GAS CONSUMERS				<i>Cr</i>	
19	To Gas Sales Account	£ 320	s 10	d -	19	By Cash Discount Account	£ 304 s 9 d 6
		£320	10			£320	10
<i>Dr</i>		JOHN SMITH				<i>Cr</i>	
19	To Coke	£ 6	s 15	d -	19	By Cash on Account Balance c/d	£ 5 s 15 d -
		£6	15			£6	15
<i>Dr</i>		A B CO				<i>Cr</i>	
19	To Gas Fittings Returns Balance c/d	£ 20	s 10	d -	19	By Gas Fittings	£ 120 s - d -
		£120	-			£120	-
<i>Dr</i>		GAS FITTINGS ACCOUNT				<i>Cr</i>	
19	To A B Co	£ 120	s -	d -	19	By A B Co (Returns)	£ 20 s - d -
<i>Dr</i>		DISCOUNT ACCOUNT				<i>Cr</i>	
19	To Sundry Gas Consumers	£ 16	s -	d 6			
<i>Dr</i>		CASH ACCOUNT				<i>Cr</i>	
19	To Sundry Gas Consumers, J Smith on A/c	£ 304	s 9	d 6			
		£309	9	6			

EXERCISE XVIII—No 15

MUNICIPAL WATERWORKS LEDGER

ATLAS ASSURANCE CO

(Loan of £10,000 @ 4% repayable in 20 years. Terms —Principal by equal annual instalments
Interest half yearly on balance outstanding)

Dr				Cr			
19	To Cash	£	500	19	By Cash	£	10,000
	" Cash		180		" Interest		190
	" Income Tax		9				
			10				

Dr				Cr			
Messrs Stone & Co, Contractors							
19	To Cash	£	400				

Dr				Cr			
S JOHNSON & Co							
19	To Cash	£	78	19	By Materials	£	78
			9				9
			6				6

Dr				Cr			
INTEREST ACCOUNT							
19	To Atlas Assurance Co	£	190				

Dr				Cr			
INCOME TAX ACCOUNT							
				19	By Atlas Assurance Co	£	9
							10
							6

Dr				Cr			
MATERIALS ACCOUNT							
19	To S Johnson & Co	£	78	19	By Repairs to Mains	£	1
			9				
			6				

Dr				Cr			
REPAIRS TO MAINS ACCOUNT							
19	To Materials	£	15				

Dr				Cr			
CASH ACCOUNT							
19	To Atlas Assurance Co	£	10,000	19	By Atlas Assurance Co	£	500
					" Atlas Assurance Co		180
					" Messrs Stone & Co		400
					" S Johnson & Co		78
							9
							6

THE GREAT SOUTHERN RAILWAY

CAPITAL ACCOUNT FOR THE HALF YEAR ENDED 31ST DECEMBER 19

Cr

Dr	Expended to 30th June 10	Expended during Half year	Total	Receipts to 30th June 19	Receipts during Half year	Total
To Expenditure— Upon Lines Open for Traffic. Upon Working Stock	£ s d 9 181 704 610 661	£ s d 44 404 654	£ s d 9 226 008 617 315	By Receipts— Of 1st Army Stock Of 2nd Army Stock Debiture Stock Premiums Received Bal to Bal Sheet		£ s d 5 192 500 2 702 711 1 536 156 55 653 308 601 £9 843 623
	£9 788 665	£44 958	£9 843 623			

REVENUE ACCOUNT FOR THE HALF YEAR ENDED 31ST DECEMBER 19

Cr

Dr	£	s	d	£	s	d
To Expenditure on Maintenance of Way Stations etc Locomotive Power Carriage and Wagon Repairs Traffic Expenses General Charges Shipping Expenses Dock and Harbour Expenses and Repairs Law Charges Parliamentary Expenses Compensation Mileage and Demurrage Rates and Taxes Government Duty Balance carried to Net Revenue A/c	38 373 93 008 14 858 61 098 13 342 18 199 9 371 2 697 3 834 34 447 31 060 395 218 373	- - - - - - - - - - - - - -	- - - - - - - - - - - - - -	By Receipts from Passengers Parcels Carriages and Horses Mails Merchandise Minerals Shipping Docks and Harbours Rents	106 401 9 574 2 641 43 503 280 448 19 355 39 501 3 977	- - - - - - - -
	£505 409	-	-	£505 409	-	-

X Y Z CO., LTD.

CAPITAL ACCOUNT

Expenditure	Amount Expended to 1st Jan	Amount Expended during Year	Total Expendi- ture	Receipts.	Amount Received to 1st Jan	Amount Received during Year	Total Received
	£	s	d		£	s	d
To Freehold Land	5 000	-	-	By Share Capital	-	-	-
" Machinery	6 000	-	-	" Debentures	5 000	-	-
" Buildings	2 000	-	-		-	-	-
" Office Furniture	-	800	-		-	-	-
	13 000	-	-		-	-	-
	-	1 800	-		-	-	-
	-	-	15 300		-	-	-
To Balance to General Balance Sheet	-	-	7 700		-	-	-
	-	-	£ 23 000		-	-	-
	-	-	-		£	-	23 000

Dr

GENERAL BALANCE SHEET AS AT 31ST DECEMBER 19.

Cr

Capital Account (balance)	£	s	d	Cash at bank and in hand	£	s	d
Sundry Creditors	-	7 700	-	Investments against Depreciation fund (as contra)	6 000	-	-
Interest due to Debenture Holders	-	1 100	-	Sundry Debtors	4 000	-	-
Depreciation Fund Account	-	300	-		2 200	-	-
Revenue Account (Cr Balance)	-	5 000	-		6 000	-	-
	-	4 700	-		18 800	-	-
	-	£ 18 800	-		-	-	-

EXERCISE XVIII—Nos 18 to 20

See separate sections of Chapter XVIII on—(a) Gas Companies for answer to Question 18, (b) Water Companies for answer to Question 19 (c) Electric Light Companies for answer to Question 20

EXERCISE XVIII—No 21

(a) Premiums received on an issue of Debentures would be shown as a separate liability in the Balance Sheet or be transferred to a special account i.e. Capital Reserve

(b) The Policy on A B's life if accepted as a discharge of A B's debt of £6 000 would be shown in the books of account as under—

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	£	s	d	£	s	d
13 Insurance Co (Suspense A/c)	5 000					
Bad Debts	1 000					
To A B				6 000		
For life policy endorsed over by A B in satisfaction of debt and balance of account irrecoverable transferred						
	£6 000			£6 000		

CASH BOOK

	£	s	d	£	s	d
19 By Insurance Account				130		
(Premiums on LIFE policy paid) and so on for each year until the decease of A B						
It would be wise to write off to Profit and Loss the item Insurance						

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	£	s	d	£	s	d
(c) Plant Account	750					
To A Co				750		
Invoice price of machine purchased						
A Co	300					
To Exhibition Account				300		
For allowance by vendor for machine exhibited						
	£1 050			£1 050		

EXERCISE XVIII—No 22

The books in addition to the ordinary Books of Account to be kept for the purposes of a complete system of Cost Accounts are as detailed below—

(a) Stores Books i.e.—

(1) Stores Received (2) Stores Issued

(b) Stores Ledger

(c) Wages Analysis Book

(d) Cost Ledger

The system would provide adequate records of—

(1) Materials used

(2) Wages paid

(3) The precise cost of a job provided the Cost Ledger is suitably ruled with analysis columns for showing direct and indirect expenses (factory and office overhead)

EXERCISE XVIII - No 23

THE PATENT MIXTURES CO LTD

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 19.. Cr.

	£	s	d		£	s	d
To Stock, 1st Sept	30	33	-	By Sales	5	571	-
" Purchases	5	130	-	" " Stock, 31st Aug	4	153	-
" Wages		91	5				
" Carriage Inwards		55	-				
" Balance, Gross Profit c/d		591	-				
	£9	724			£9	724	
To Branch Wages and Expenses				By Trading Account.	5	91	-
" Bad Debts	3	12	-	" " Balance, Net Loss	7	19	16
" Rent, Rates and Insurance	2	19	-				
" Trade Charges	3	19	-				
" Depreciation of Plant (10% of £2,288)	2	41	16				
	£1	310	16		£1	310	16

EXERCISE XVIII—No 24

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19 .		£	s	d	£	s	d
Mar .	Share Capital Account	1,000	-	-			
	To Forfeited Shares Account				355	-	-
	Final Call				645	-	-
	100 shares forfeited by Thomas Robinson for NON-payment of amount due on aforesaid shares						
		1,000	-	-	1,000	-	-

EXERCISE XVIII—No 25

(1) The issue of Debentures at 90 per cent repayable at ten years will appear as a liability in the Balance Sheet viz "Debentures £10,000". A proportional amount of the Debenture discount will be written off each year, i.e. $\frac{1}{10}$ of £1,000 = £100 the balance appearing as an asset until extinguished.

(2) The expenditure on advertising a new patent medicine may be written off by either of the following ways—

(a) over a number of years say, from three to five,
or (b) an amount each year bearing some relation to the varying turnover, until extinguished.

(3) A debt owing by a director must be shown separately on the asset side of the Balance Sheet.

THE SHERBOURNE IRON FURNACE CO LTD

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th SEPTEMBER, 19.. Cr.

	£	s	d	£	s	d
To Stock of Pig Iron 1st Oct	26 272	-	-		86 873	-
" Furnace A/c (cost of Pig Iron produced)	58 660	-	-		16 045	-
" Balance, Gross Profit	17 986	-	-			-
	£102 918				£102 918	
To Rates and Taxes	1 297					-
" Repairs and Renewals of Rolling Stock	1 221					-
" Office Salaries and Sundry Wages	1 728				17 986	-
" Travelling Expenses	237	-	-			-
" Insurance (Fire & Employers' Liability)	385					-
" Law Charges	233					-
" Bad Debts	9					-
" Carriage Outwards	3 000					-
" Balance, Net Profit c/d	9 876					-
	£17 986				£17 986	

Dr	£	s	d	Cr.	£	s	d
To Dividends paid 31st March on account of the year ended 30th Sept., 19	5 995	-	-			7 822	-
" Dividend Reserve	2 000	-	-			9 876	-
" Balance to Balance Sheet	9 703	-	-				-
	£17 698					£17 698	

EXERCISE XVIII--No 26 (cont'd)

THE SHERBOURNE IRON FURNACE CO LTD

BALANCE SHEET AS AT 30TH SEPTEMBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS			
	£	£	s	d	
<i>Nominal Capital—</i>					
150 000 Shares of £1 each	150 000				23 400
<i>Issued Capital—</i>					24 920
120 000 Shares of £1 each 10/ per share called up	60 000	16 045			7 411
Less 100 Shares forfeited	50	78			
		900			
		1 128			
Forfeited Shares Account					18 151
Dividend Reserve Account	2 000				7 257
Add transfer from Profit & Loss	2 000				224
Bank Overdraft					
Bills Payable					
Sundry Creditors					
<i>Profit and Loss Account—</i>					
Balance available for distribution					
					81 363

THE A R WADDELL CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

[illegible]

MONTHLY COST SHEET

	£	s	d	£	s	d	£	s	d	Per cent of total cost
<i>Direct Materials—</i>										
Pig Iron	342	—	—							
Scrap	68									
Direct Wages				410	—	—	560	—	—	58 33
<i>Indirect Materials—</i>										
Sand	4									
Limestone	70									
Sundry Stores	22		—				96	—	—	10 00
Fuel							104			
<i>Indirect Wages—</i>										
Coremakers	30									
Foremen	37		—							
Dressers	39		—							
Other Wages	34						140	—	—	
Overhead Foundry Expenses—										
40 per cent on £150 direct wages							60		—	
Cost of producing 420 cwt castings							£960		—	
Cost per cwt of castings							£2	5	9	

EXERCISE XVIII—No 29

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			£	s	d	£	s	d
1932	Jan 1	Debenture Holders .	2	19,000				
		Debenture Discount Account .	4	1,000				
		To Debenture Account .	3			20,000		
		Issue of 200 debentures of £100 each at 95						
1932/36		Profit and Loss Account .	7	500				
		To Debenture Discount Account .	4			500		
		Amount written off						
1937	Jan 1	Debentures Account .	3	20,000				
		To Share Capital Account .	5			19,000		
		.. Share Premium Account .	6			500		
		.. Debenture Discount Account .	4			500		
		Being conversion of £20,000 debentures into 19,000 Shares of £1 each shares allotted this day						
				£40,500		£40,500		

Dr

BANK ACCOUNT

Cr

1932	Jan 1	To Debenture Holder	2	£	s	d			
				19,000					

Dr

DEBENTURE HOLDERS

Cr

1932	Jan 1	To Debentures	1	£	s	d	1932	Jan 1	By Bank	1	£	s	d
				19,000							19,000		

Dr

DEBENTURES ACCOUNT

Cr

1937	Jan 1	To Share Capital Account .	1	£	s	d	1937	Jan 1	By Debenture Holders	1	£	s	d
		.. Share Premium Account .	1	500					.. Debenture Discount Account	1	1,000		
		.. Debenture Discount Account .	1	200									
				£20,000							£20,000		

EXERCISE XVIII—No 29 (contd)

DEBENTURE DISCOUNT ACCOUNT									
<i>Dr</i>									<i>Cr</i>
1932 Jan 1	To Debenture	£	s	d	1932 Dec 31	By Amort written off Debentures	£	s	d
		1 000					500		
							500		
		£1 000					£1 000		

SHARE CAPITAL ACCOUNT									
Dr					Cr				
				19	By Debit re	1	19	000	5
				Jan 1					d

SHARE PREMIUM ACCOUNT									
Dr					Cr				
					1937				
					Jan 1	By Debe	rcs	500	

PROFIT AND LOSS ACCOUNT									
Dr					Cr				
193	36	To Debiture Dis	11	500					
		count							

EXERCISE XVIII—No. 50

Dr		LEASE ACCOUNT				Cr		
Year 1	To Bank Interest		£ 2 000 80	d	Year 1	By Depreciat on Balance	c/d	£ 449 1 630 14
			£ 080					£ 2 080
Year 2	To Balance Interest	b/d	1 631 63	14 11 4 7	Year 2	By Depreciation Balance	c/d	449 1 630 14
			£ 1 630 19 6					£ 1 630 19 6
Year 3	To Balance Interest	b/d	1 246 49	14 5 17 5	Year 3	By Depreciation Balance	c/d	449 817 6 9
			£ 1 296 11 10					£ 1 296 11 10
Year 4	To Balance Interest	b/d	847 33	6 9 17 10	Year 4	By Depreciation Balance	c/d	449 431 19 6
			£ 881 4 7					£ 881 4 7
Year 5	To Balance Interest	b/d	431 17	19 8 5 7	Year 5	By Depreciation		449 5 1
			£ 449 5 1					£ 449 5 1

EXERCISE XVIII—No 31.

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19..		£	s	d	£	s	d
Mar 2	Re-valuation Account	510	-	-			
	To Stock-in-Trade				194	-	-
	„ Motor Vehicles				200	-	-
	„ Reserve for Bad Debts				86	-	-
	„ Sundry Creditors				30	-	-
	Agreed reductions in values of assets and introduction of liability omitted						
	Plant and Machinery Account	250	-	-			
	To Re-valuation Account				250	-	-
	Agreed increase in value of plant						
	W Fison Capital Account	130	-	-			
	T Barrett Capital Account	130	-	-			
	To Re-valuation Account				260	-	-
	Transfer of shares of loss on re-valuation						
	Goodwill	500	-	-			
	To W Fison Capital Account				500	-	-
	Introduction of Fison's share of goodwill						
	W Fison Capital Account	2,370	-	-			
	To W Fison deceased Loan transfer				2,370	-	-
		£3,890	-	-	£3,890	-	-

EXERCISE XIX—No 1

"Short workings" relates to the right a lessee of a mine (or quarry) has to recoup out of future excess royalties for "Shorts" (or Short workings) i.e. deficiencies on Royalties to meet the Minimum Dead Rent in past years. The item is treated as a temporary asset. At the expiry of the period of recoupment of Short-workings the item would be transferred to the Profit and Loss Account.

EXERCISE XIX—No 2

INTERNATIONAL WAGON CO S LEDGER

Dr		HARD COAL COLLIERY CO			Cr				
19 July 1	To Sandres Interest (7%)	£ 5 000 175	s — —	d — —	19 July 1	By Cash Balance c/d	£ 300 4 875	s — —	d — —
		£5 175					£5 175		
19 July 1	To Balance b/d	4 875			19 Jan 1	By Cash	300		
19 Jan 1	Interest	170	2	6		Balance c/d	4 745	10	6
		£5 045	12	6			£5 045	12	6
19 Jan 1	To Balance b/d	4 745	12	6	19 July 1	By Cash Balance c/d	300 4 611	14	5
July 1	Interest	168	11	11			£4 911	14	5
		£4 911	14	5					
19 July 1	To Balance b/d	4 611	14	5	19 Jan 1	By Cash	300		
19 Jan 1	Interest	161	8	2		Balance c/d	4 473	2	7
		£4 773	2	7			£4 773	2	7
19 Jan 1	To Balance b/d	4 473	2	7	19 July 1	By Cash Balance c/d	300 4 329	13	9
July 1	Interest	156	11	2			£4 629	13	9
		£4 629	13	9					
19 July 1	To Balance b/d	4 329	13	9	19 Jan 1	By Cash	300		
19 Jan 1	Interest	151	10	9		Balance c/d	4 181	4	6
		£4 48	4	6			£4 48	4	6
19 Jan 1	To Balance b/d	4 181	4	6					

HARD COAL COLLIERY CO S LEDGER

Dr		WAGON ACCOUNT					Cr		
19 July 1	To Wagon Co	£	s	d	19 July 1	By Balance c/d	£	s	d
19 July 1	To Balance b/d	125			19 Jan 1	By Balance c/d	254	7	6
19 Jan 1	Wagon Co	129	7	6			£254	7	6
		£254	7	6					
19 Jan 1	To Balance b/d	254	7	6	19 July 1	By Balance c/d	388	5	7
July 1	Wagon Co	133	18	1			£388	5	7
		£388	5	7					

EXERCISE XIX—No 2 (contd)

Dr				WAGON ACCOUNT (contd).				Cr			
19	July 1	To Balance b/d . .	£ 388 5 7	19	Jan 1	By Balance c/d . .	£ 526 17 5				
19	Jan. 1	" Wagon Co . .	138 11 10								
			£526 17 5				£526 17 5				
19	Jan 1	To Balance b/d . .	526 17 5	19	July 1	By Balance c/d . .	670 6 3				
July 1	" Wagon Co. . .	143 8 10									
			£670 6 3				£670 6 3				
19	July 1	To Balance b/d . .	670 6 3	19	Jan 1	By Balance c/d . .	818 15 6				
19	Jan 1	" Wagon Co. . .	148 9 3								
			£818 15 6				£818 15 6				
19	Jan 1	To Balance b/d . .	818 15 6								

EXERCISE XIX—No 3

B S COAL CO'S LEDGER

Dr INSTALMENTS ON WAGONS ON HIRE-PURCHASE ACCOUNT Cr.

Year 1	To Cash	£ 150	s -	d -	Year 1	By Depreciation	£ 115	s -	d -
	" Wagon Account	200	-	-		" Balance c/d	235	-	-
		£350	-	-			£350	-	-
Year 2	To Balance b/d	235	-	-	Year 2	By Depreciation	103	10	-
	" Wagon Account	200	-	-		" Balance c/d	331	10	-
		£435	-	-			£435	-	-
Year 3	To Balance b/d	331	10	-	Year 3	By Depreciation	91	3	-
	" Wagon Account	200	-	-		" Balance c/d	438	7	-
		£531	10	-			£531	10	-
Year 4	To Balance b/d	438	7	-	Year 4	By Depreciation	83	16	8
	" Wagon Account	200	-	-		" Balance c/d	554	10	4
		£638	7	-			£638	7	-
Year 5	To Balance b/d	554	10	4	Year 5	By Depreciation	75	9	1
	" Wagon Account	200	-	-		" Balance c/d	679	1	3
		£754	10	4			£754	10	4

EXERCISE XIX—No 3 (contd)

Dr WAGON HIRE ACCOUNT				Dr WAGON Co					
Year		£	s	d	Year		£	s	d
Year 1	To Wagon Co	£50			Year 1	To Cash	£400		
Year 2	To Wagon Co	£40			Year 2	To Cash	£240		
Year 3	To Wagon Co	£30			Year 3	To Cash	£230		
Year 4	To Wagon Co	£20			Year 4	To Cash	£220		
Year 5	To Wagon Co	£10			Year 5	To Cash	£210		
	(A)					(B)			

(A) Cr side of account each year would be closed by Profit and Loss Account.

(B) Cr side of account each year would be stated By Sundries.

EXERCISE XIX—No 4

Dr					HIRE PURCHASE ACCOUNT					Cr				
19 Jan 1		£	s	d	19 Jan Dec.		£	s	d					
Dec. 31	To Sales (at cost)	1	17	6		By Cash		18	4					
	Balance—Current					ie (4 quarterly								
	year's profit		5	10		instalments of								
					Dec 31	4/7 each)								
						Stock (at cost)	1	5						
						in hands of customer								
						ie £ of £1/17/6								
		£2	3	4			£2	3	4					

EXERCISE XIX—No 5

COLLIERY CO'S LEDGER

Dr					INSTALMENTS ON WAGONS ON HIRE PURCHASE ACCOUNT					Cr				
		£	s	d			£	s	d			£	s	d
Year 1	To Wagon Co	391	15	3	Year 1	By Depreciat on Balance c/d	216	9	6			£216	9	6
		£391	15	3			175	5	9			£391	15	3
Year 2	To Balance b/d Wagon Co	175	5	9	Year 2	By Depreciation Balance c/d	194	16	6			391	16	3
		411	7				£586	12	9			£586	12	9
Year 3	To Balance b/d Wagon Co	391	16	3	Year 3	By Depreciation Balance c/d	175	6	11			648	7	8
		431	18	4			£823	14	7			£823	14	7
Year 4	To Balance b/d Wagon Co.	649	7	8	Year 4	By Depreciation " Balance c/d	157	16	2			944	1	10
		453	10	4			£1 101	18				£1 101	18	
Year 5	To Balance b/d Wagon Co.	944	1	10	Year 5	By Depreciation " Balance c/d	142		7			1 278	5	1
		476	3	10			£1 420	5	8			£1 420	5	8
Year 6	To Balance b d	1 278	5	1										

EXERCISE XIX—No 5 (contd)

Dr		WAGON ACCOUNT		Cr.			
Year 1	To Cash	£ 2,164	s 14 9	Year 1	By Depreciation " Balance c/d	£ 216	s 9 6
						1,948	5 3
		£ 2,164	14 9			£ 2,164	14 9
Year 2	To Balance b/d . .	1,948	5 3	Year 2	By Depreciation " Balance c/d	194	15 6
						1,753	8 9
		£ 1,948	5 3			£ 1,948	5 3
Year 3	To Balance b/d . .	1,753	8 9	Year 3	By Depreciation " Balance c/d	175	6 11
						1,578	1 19
		£ 1,753	8 9			£ 1,753	8 9
Year 4	To Balance b/d . .	1 578	1 19	Year 4	By Depreciation " Balance c/d	157	16 2
						1,420	5 8
		£ 1 578	1 19			£ 1,578	1 19
Year 5	To Balance b/d . .	1 420	5 8	Year 5	By Depreciation " Balance c/d	142	17
						1,278	5 1
		£ 1 420	5 8			£ 1 420	5 8
Year 6	To Balance b/d	1,278	5 1				

Dr		WAGON CO		Dr		WAGON HIRE ACCOUNT	
Year 1	To Cash	£ 500	-	Year 1	To Wagon Co . .	£ 108	s 4 9
Year 2	To Cash	£ 500	-	Year 2	To Wagon Co . .	£ 98	s 13
Year 3	To Cash	£ 500	-	Year 3	To Wagon Co . .	£ 68	s 1 5
Year 4	To Cash	£ 500	-	Year 4	To Wagon Co . .	£ 45	s 9 8
Year 5	To Cash	£ 500	-	Year 5	To Wagon Co . .	£ 23	s 16 2
		£ 500	-			£ 23	s 16 2

(A). On the Cr side of account each year would be stated "By Syndries."

(B). On the Cr side each year is closed by "Profit and Loss Account."

EXERCISE XIX—No. 6 (contd.)

BUYER'S LEDGER

Dr.		WAGON ACCOUNT					Cr.		
19		£	s	d	19		£	s	d
Year 1	To Wagon Co.	2,164	14	10	Year 1	By Depreciation	216	9	6
						" Balance c/d	1,948	5	4
		£2,164	14	10			£2,164	14	10
Year 2	To Balance b/d	1,948	5	4	Year 2	By Depreciation	194	16	6
						" Balance c/d	1,753	8	10
		£1,948	5	4			£1,948	5	4
Year 3	To Balance b/d	1,753	8	10	Year 3	By Depreciation	175	6	10
						" Balance c/d	1,578	2	-
		£1,753	8	10			£1,753	8	10
Year 4	To Balance b/d	1,578	2	-	Year 4	By Depreciation	157	16	2
						" Balance c/d	1,420	5	10
		£1,578	2	-			£1,578	2	-
Year 5	To Balance b/d	1,420	5	10	Year 5	By Depreciation	142	-	7
						" Balance c/d	1,278	5	3
		£1,420	5	10			£1,420	5	10
Year 6	To Balance b/d	1,278	5	3					

Dr		WAGON ACCOUNT			Cr				
Year 1	To Cash " Balance c/d	£ 500 2 000 £2 500	s - - -	d - - -	Year 1	By Sundries . . By Balance b/d	£ 2,500 2 000 £2 500	s - - -	d - - -
Year 2	To Cash " Balance c/d	500 1,500 £2 000	- - -	- - -	Year 2	By Balance b/d	2 000 £2 000	- -	- -
Year 3	To Cash " Balance c/d	500 1 000 £1 500	- - -	- - -	Year 3	By Balance b/d	1 500 £1 500	- -	- -
Year 4	To Cash " Balance c/d	500 500 £1 000	- - -	- - -	Year 4	By Balance b/d	1,000 £1 000	- -	- -
Year 5	To Cash	500	-	-	Year 5	By Balance b/d	500	-	-

EXERCISE XIX—No 6 (*contd*)

Dr		INTEREST SUSPENSE ACCOUNT					Cr		
Year 1	To Profit and Loss (5% £2 164/14/10)	£ 108	s 4	d 9	Year 1	By Colliery Co .	£ 335	s 5	d 2
	„ Balance c/d	227		5					
		£335	s 2				£335	s 5	d 2
Year 2	To Profit and Loss (5% £1,772/19/7)	88	12	11	Year 2	By Balance b/d .	227		3
	„ Balance c/d	138	7	6					
		£227		5			£227		5
Year 3	To Profit and Loss (5% £1,761/12/6)	68	1	8	Year 3	By Balance b/d .	138	7	6
	Balance c/d	70	5	10					
		£138	7	6			£138	7	6
Year 4	To Profit and Loss (5% £929/14/2)	46	9	8	Year 4	By Balance b/d	70	s 10	
	„ Balance c/d	23	16	2					
		£70	5	10			£70	s 10	
Year 5	To Profit and Loss (3% £476 3/10)	23	16	2	Year 5	By Balance b/d	23	16	2

EXERCISE XIX—No 7

See *Advanced Accounts* pages 905-907 (inclusive) under *FIRST METHOD*

EXERCISE XIX—No 8

JOURNAL OF JAS FINCHAM

		£	s	d	£	s	d
Year 1	Royalties	500	-	-			
	30 000 tons @ 4d per ton						
	Redeemable Dead Rent	500	-	-	1 000	-	-
	To Landlord						
Year 2	Royalties	666	13	4			
	40 000 tons @ 4d per ton						
	Redeemable Dead Rent	333	6	8	1,000	-	-
	To Landlord						
Year 3	Royalties	1,166	13	4			
	70 000 tons @ 4d per ton						
	To Landlord				1 000		
	„ Redeemable Dead Rent				166	13	4
		£3,166	13	4	£3 166	13	4

EXERCISE XIX—No 8 (contd)

JAS FINCHAM'S LEDGER

<i>Dr</i>			LANDLORD			<i>Cr</i>		
		£	s	d			s	d
Year 1	To Cash	1 000			Year 1	By Royalties R D Rent	500	
							500	
		£1 000					£1 000	
Year 2	To Cash	1 000			Year 2	By Royalties R D Rent	666	13 4
							333	6 8
		£1 000					£1 000	
Year 3	To Cash	1 000			Year 3	By Royalties	1 000	
		£1 000						

<i>Dr</i>			ROYALTIES ACCOUNT			<i>Cr</i>		
		£	s	d			s	d
Year 1	To Landlord	500			Year 1	By Trading A/c	500	
Year 2	To Landlord	666	13	4	Year 2	By Trading A/c	666	13 4
Year 3	To Landlord R D Rent	1 000			Year 3	By Trading A/c	1 166	13 4
		166	13	4				
		£1 166	13	4			£1 166	13 4

<i>Dr</i>			REDEEMABLE DEAD RENT			<i>Cr</i>		
		£	s	d			s	d
Year 1	To Landlord	500			Year 3	By Royalties	166	13 4
2	Landlord	333	6	8	3	Balance c/d	666	13 4
		£833	6	8			£833	6 8
Year 3	To Balance b/d	666	13	4				

EXERCISE XIX—No 9

JOURNAL OF COLLIERY CO

		£	s	d		£	s	d
Year 1	Royalties 4 000 tons @ 6d per ton	100						
	Redeemable Dead Rent	400						
	To Landlord					500		
Year 2	Royalties 16 000 tons @ 6d per ton	400						
	Redeemable Dead Rent	100						
	To Landlord					500		
Year 3	Royalties 28 000 tons @ 6d per ton	700						
	To Landlord					500		
	Redeemable Dead Rent					200		
		£1 700				£1 700		

EXERCISE XIX—No. 9 (*contd*)

<i>Dr</i>		ROYALTIES ACCOUNT				<i>Cr</i>			
		£	s	d		£	s	d	
Year 1	To Landlord . .	100	—	—	Year 1	By Trading A/c . .	100	—	—
Year 2	To Landlord . .	400	—	—	Year 2	By Trading A/c . .	400	—	—
Year 3	To Landlord . .	500	—	—	Year 3	By Trading A/c . .	700	—	—
	„ R D Rent . .	200	—	—					
		£700	—	—			£700	—	—

<i>Dr</i>		LANDLORD				<i>Cr</i>		
		£	s	d		£	s	d
Year 1	To Cash	500	—	—	Year 1	By Royalties	100	—
						“ R D Rent	400	—
		£500	—	—			£500	—
Year 2	To Cash	500	—	—	Year 2	By Royalties	400	—
						“ R D Rent	100	—
		£500	—	—			£500	—
Year 3	To Balance c/d	500	—	—	Year 3	By Royalties	500	—
					Year 3	By Balance b/d	500	—

<i>Dr</i>		REDEEMABLE DEAD RENT				<i>Cr</i>			
		£	s	d		£	s	d	
Year 1	To Landlord	400	-	-	Year 1	By Balance c/d	400	-	-
Year 2	To Balance b/d	400	-	-	Year 2	By Balance c/d	500	-	-
	Landlord	100	-	-			£500	-	-
		£500	-	-					
Year 3	To Balance b/d	500	-	-	Year 3	By Royalties	200	-	-
						Profit and Loss	300	-	-
		£500	-	-			£500	-	-

EXERCISE XIX—No. 10

<i>Dr</i>		ROYALTIES ACCOUNT				<i>Cr</i>		
		£	s	d		£	s	d
Year 1	To Lord of the Manor	1,000	—	—	Year 1	By Trading A/c	1,000	—
Year 2	To Lord of the Manor	1,100	—	—	Year 2	By Trading A/c	1,100	—
Year 3	To Lord of the Manor	1,200	—	—	Year 3	By Trading A/c	1,300	—
	.. Overpaid Royalties	100	—	—			£1,300	—
		£1,300	—	—				
Year 4	To Lord of the Manor	1,200	—	—	Year 4	By Trading A/c	1,250	—
	.. Overpaid Royalties	50	—	—			£1,250	—
		£1,250	—	—				

EXERCISE XIX—No 10 (contd)

<i>Dr</i>		LORD OF THE MANOR			<i>Cr</i>				
		£	s	d		£ s d			
Year 1	To Cash	1 200	-	-	Year 1	By Royalties	1 000	-	-
						Overpaid Royalties	200	-	-
		£1 200	-	-			£1 200	-	-
Year 2	To Cash	1 200	-	-	Year 2	By Royalties	1 100	-	-
						Overpaid Royalties	100	-	-
		£1 200	-	-			£1 200	-	-
Year 3	To Cash	£1 200	-	-	Year 3	By Royalties	£1 200	-	-
Year 4	To Cash	£1 200	-	-	Year 4	By Royalties	£1 200	-	-

<i>Dr</i>		OVERPAID ROYALTIES			<i>Cr</i>				
		£	s	d		£	s	d	
Year 1	To Lord of the Manor	200	-	-	Year 1	By Balance c/d	200	-	-
Year 2	To Balance b/d	200	-	-	Year 2	By Balance c/d	300	-	-
	Lord of the Manor	100	-	-					
		£300	-	-			£300	-	-
Year 3	To Balance b/d	300	-	-	Year 3	By Royalties	100	-	-
						Balance c/d	200	-	-
		£300	-	-			£300	-	-
Year 4	To Balance b/d	200	-	-	Year 4	By Royalties	50	-	-
						Balance c/d	150	-	-
		£200	-	-			£200	-	-
Year 5	To Balance b/d	150	-	-					

The balance of Overpaid Royalties would appear as an Asset in the Balance Sheet

EXERCISE XIX—No 11

JOURNAL OF COAL MINE CO LTD

		£	s	d	£	s	d
Year 1							
Mar 25	Ground Rent	25	-	-			
	Royalties	40	-	-			
	To G Risch				65	-	-
Sept 29	Ground Rent	25	-	-			
	Royalties	22	10	-			
	Redeemable Dead Rent	17	10	-			
	To G Risch				65	-	-
		£130	-	-	£130	-	-

EXERCISE XIX—No. 11 (contd.)

JOURNAL OF COAL MINE CO., LTD.—(contd.)

		£	s	d	£	s	d
Year 2							
Mar 25	Ground Rent	25	-	-			
	Royalties	40	-	-	65	-	-
	To G Risch						
Sept 29	Ground Rent	25	-	-			
	Royalties	42	10	-	67	10	-
	To G Risch						
" 29	Royalties	17	10	-	17	10	-
	To Redeemable Dead Rent						
		£150	-	-	£150	-	-

LEDGER OF THE COAL MINE CO., LTD

LEDGER OF THE COAL MINE CO., LTD.

Dr				G RISC H		Cr			
Year 1		£	s	d	Year 1		£	s	d
Apr 15	To Cash	65	-	-	Mar 25	By Ground Rent	25	-	-
Oct 20	" Cash	65	-	-	" 25	" Royalties	40	-	-
					Sept 29	" Ground Rent	25	-	-
					" 29	" Royalties	22	10	-
					" 29	" R.D. Rent	17	10	-
		£130	-	-			£130	-	-
Year 2					Year 2				
Apr 15	To Cash	65	-	-	Mar 25	By Ground Rent	25	-	-
Oct 20	" Cash	67	10	-	" 25	" Royalties	40	-	-
					Sept 29	" Ground Rent	25	-	-
					" 29	" Royalties	42	10	-
		£132	10	-			£132	10	-

Dr		ROYALTIES ACCOUNT				Cr			
Year 1		£	s	d	Year 1		£	s	d
Apr 25	To G Risch .	40	-	-	Sept 29	By Trading A/c .	62	10	-
Sept 29	" G Risch .	22	10	-			£62	10	-
		£62	10	-					
Year 2					Year 2				
Mar 25	To G Risch .	40	-	-	Sept 29	By Trading A/c .	100	-	-
Sept 29	" G Risch .	42	10	-					
" 29	" R D Rent	17	10	-			£100	-	-
		£100	-	-					

Dr		GROUND RENT			Cr		
Year 1		£	s	d	Year 1	£ s d	
Mar 25	To G Risch	25	-	-	Sept 29	By Profit and Loss A/c	50 - -
Sept 29	" G Risch	25	-	-			£50 - -
		£50	-	-			
Year 2					Year 2		
Mar 25	To G Risch	25	-	-	Sept 29	By Profit and Loss A/c	50 - -
Sept 29	" G Risch	25	-	-			£50 - -
		£50	-	-			

EXERCISE XIX—No 11 (*contd*)

Dr		REDEEMABLE DEAD RENT						Cr						
Year 1 Sept 29	To G Rusch	£	17	s	10	d.		Year 1 Sept 29	By Balance c/d	£	17	s	10	d.
Year 2 Sept 29	To Balance b/d		17		10			Year 2 Sept 29	By Royalt es		17		10	

Dr		CASH ACCOUNT				Cr		
					Year 1 Apr 13 Sept 29	By G Rusch G Rusch	£ 63 63	s d
							£130	
					Year 2 Ap 13 Sept 29	By G Rusch G Rusch	63 67	10
							£137	10

EXERCISE XIX—No 12

(a) A *Reconciliation Statement* is prepared by a cashier in order to explain the difference between the BANK PASS BOOK balance and his own BANK balance in the firm's Cash Book.

(b) A *Lease Redemption Account* is represented by the TOTAL amounts of equal annual instalments charged against profits to write off the existing Lease at its expiry. Compound interest on yearly balances is added.

(c) *Deferred Shares* are the class of shares which are considered for dividends after all other classes of shares have participated. Such shares are usually taken up by promoters of the company, sometimes by the vendors.

(d) A *Relate Account* is an account raised by bankers in connection with DISCOUNT on discounted bills not matured.

EXERCISE XIX—No 13

Work in Progress should be valued at the precise amount represented by—

- (a) Materials used
- (b) Wages paid
- (c) Estimated loss on Plant used
- (d) A proportion of profit on the basis of estimated cost against the contract price

For example—

Contract Price	£ 20 000
Estimated Cost (for Contract completed)	15 000
PROFIT	<u>£5 000</u>

Hence if half of the expenditure on contract has been incurred then credit for £2 500 may be taken. It would be wiser to be very conservative on this matter and take credit say for £2 000 only.

Work in Progress would appear as an asset in the Balance Sheet.

EXERCISE XIX—No 14.

A *Cost Account* is an account explanatory of the TOTAL expenditure on materials, labour, and organization incurred in arriving at a given result, such as building a house (contracts), making iron bars or steel plates (manufacturing), output of coal (mining), etc. The account is prepared from various sources of information, and requires great skill on the part of a qualified person to deduce from the expenditure of a business (apart from direct expenditure) the due elements of expenditure of administration, etc., that can be fairly charged in the cost account. The specimens of Cost Sheets in Chapter XIX of *Advanced Accounts* are suitable examples of such accounts.

Note—The student must NOT exceed the requirements of the question, the examples given are suggested to assist examinees, and are more comprehensive than is asked of the candidate.

EXERCISE XIX—No 15

It is incorrect for the book keeper to the Whirlwind Automobile Co., Ltd., to charge as SALES to customers the 10 cars that were sent to prospective buyers. The matter must be adjusted by the following Journal entries—

Sales Account	. Dr	£5,750	
To Sale or Return Account	. Cr		£5,750
Suspense Account	. Dr	£5,750	
To Sundry Debtors	. Cr		£5,750

The item 'Sale or Return Account' would be shown on the CREDIT side of the Trading Account (being equivalent to Stock in hand at close)

The item 'Suspense Account' would appear as an asset in the Balance Sheet

EXERCISE XIX--No 16

The Profit and Loss Account is not properly drawn up The correct form is as below--

Dr TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 Cr

	£	s	d		£	s	d
To Stock 1st Jan	17 400			By Sales	59 940		
To Purchases	42 600			Less Returns Inwards	362		
To Manufacturing Wages	3 280						
To Balance Gross Profit c/d	14 498			Stock 31st Dec		59 578	
	£ 77 778				£ 77 778		
To Trade Expenses	1 200			By Trading Account		14 498	
Salaries	820			Interest on Investments		3 400	
Discounts	421						
Directors' Fees	1 000						
Loss on Sale of Investments	900						
Depreciation	1 401						
To Balance Net Profit c/d	12 156						
	£ 17 898				£ 17 898		

	£	s	d		£	s	d
To Dividends Paid	3 842			By Balance 1st Jan		4 321	
To Dividend (5% for year)	6 200			Current Year's Profit		12 156	
To Reserve Account	4 000						
To Balance to Balance Sheet	2 435						
	£ 16 477				£ 16 477		

Notes--(1) Errors in Books is an account that should never be raised Errors ought always to be rectified
(2) Unclaimed Dividends would appear as a liability in the Balance Sheet

EXERCISE XIX—No 17.

JOURNAL

		£	s	d	£	s	d
(1)	Appropriation Account To Reserve Fund Transfer of amount to raise a Reserve Fund	5,000	-	-	5,000	-	-
(2)	Cost of Issue of Debentures W/o To Cost of Issue of Debentures For $\frac{1}{2}$ of £750 W/o for proportion of period covered by debentures	93	15	-	93	15	-
(3)	Appropriation Account To Marine Insurance Fund Transfer of £3,500 to Marine Insurance Fund	3,500	-	-	3,500	-	-
(4)	Debenture Discount Account Debenture holders To Debentures For issue of £10,000 Debentures @ 95% repayable at par 10 years hence	500 9,500	-	-	10,000	-	-
(5)	Debenture Discount W/o To Debenture Discount For $\frac{1}{10}$ of £500 W/o equal to period expired of life of debentures	50	-	-	50	-	-
		£ 18,643	15	-	£ 18,643	15	-

CASH BOOK
(DEBIT SIDE)

		Bank		
		£	s	d.
19 .	To Debenture holders	9,500	-	-

EXERCISE XIX—No 18

BRANCH PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 19

	Alm Road		Beech Road		Total	Alm Road		Beech Road		Total
	£	s d	£	s d	£ s d	£	s d	£	s d	£ s d
To Stock 1st Jan	550	-	840	-	1 390 -	7 000	-	6 470	-	13 470 -
Debtors 1st Jan	215	-	107	-	322 -	5	-	10	-	15 -
Purchases from Head Office	9 170	-	5 050	-	14 220 -	430	-	901	-	1 331 -
Rent	220	-	300	-	520 -	195	-	93	-	288 -
" Wages	515	-	403	-	918 -	3 040	-	-	-	3 040 -
" Net Profit	-	-	774	-	774 -	-	-	-	-	-
£	10 670	-	7 474	-	18 144 -	10 670	-	7 474	-	18 144 -

THE PATENT RICE CO., INC.
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19 .

[illegible][illegible]

THE PATENT RICE FOOD CO. LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES	£		s		d		PROPERTY AND ASSETS	£		s		d		£	s	d
	£	s	d	£	s	d		£	s	d	£	s	d			
<i>Nominal Capital—</i>							Extens on of Leasehold Premises									
30 000 Ordinary Shares of £1 each	30 000						Machinery	8 451						2 500		
200 Founders Shares of £10 each	2 000						Add Transfer from Carriage	236								
							Transfer from Wages	93								
	32 000							8 780								
								422	11							
<i>Issued Capital—</i>							Less Depreciation							8 357	9	
20 204 Ordinary Shares of £1 each	12 627	10					Patent Rights							2 000		
(12/6 called up)							Office Furniture							219		
Less Calls in Arrears	2	10					Stock							3 075		
				12 625			Sundry Debtors							3 592		
200 Founders Shares of £10 each							Cash at Bank							1 311		
issued as fully paid							Preliminary Expenses							113		
Bank Loan				2 000			Advertising							1 112		
Bills Payable				2 000			Travellers Salaries etc							583		
Sundry Creditors				4 741												
Rent of factory due				1 427												
Profit and Loss Account—				52												
Balance available for distribution				17	9											
														22 862	9	

EXERCISE XIX—No 20.

**MANUFACTURING AND PROFIT AND LOSS ACCOUNTS OF
THE STREAMLINE ENGINEERING CO., LTD., FOR THE
YEAR ENDED 31st DECEMBER, 1937**

	£	s	d		£	s	d
To Stock 1st January 1937	8 297	-	-	By Sales	123 559	-	-
Purchases	32 878	-	-	Stock, 31st December 1937	9 502	-	-
Royalties	9 190	-	-				
Wages and National Insurance	49 711	-	-				
Power and Light	2 799	-	-				
Repairs to Machinery	1 432	-	-				
Salaries	4 875	-	-				
Rent and Rates	3 729	-	-				
Depreciation of Machinery	1 983	-	-				
Depreciation of Loose Tools	154	-	-				
Gross Profit carried to section II	4 073	-	-				
	<u>£133 061</u>				<u>£133 061</u>		
To Carriage Outwards	1 649	-	-	By Gross Profit brought from Section I	24 073	-	-
Salaries	9 250	-	-	Apprentices Premiums	163	-	-
Advertising	1 937	-	-				
Selling Expenses	4 169	-	-				
Bad Debts	251	-	-				
Rent and Rates	627	-	-				
Discounts	2 625	-	-				
Printing and Stationery	491	-	-				
Office Expenses	979	-	-				
Net Trading Profit carried to section III	8 324	-	-				
	<u>£24 236</u>				<u>£24 236</u>		
To Balance of loss brought forward from last year	1 187	-	-	By Net Trading Profit brought from Section II	8 324	-	-
Interim Dividend	1 740	-	-	Dividends Received	276	-	-
Balance carried forward	3 663	-	-				
	<u>£8 600</u>				<u>£8 600</u>		

BALANCE SHEET OF THE STREAMLINE ENGINEERING CO LTD AS AT 31ST DECEMBER 1937

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EXERCISE XIX--No. 21.

TRADING AND PROFIT AND LOSS ACCOUNTS OF A MANUFACTURER FOR THE YEARS ENDED 30TH SEPTEMBER 1934 AND 1935

	1934		1935		By Sales Less Returns	1934		1935		
	%	£	%	£		%	£	%	£	
To Stocks at beginning of years (presumably materials)		2 189		2 876	:		20 472		25 903	
" Purchases of Materials		5 823		6 494	:		472		1,913	
		8 012		9 370			20 900		24 000	
Less Stocks at end of years										
" Materials consumed	25.08	5 133	31.20	7 488						
" Wares—										
Productive	25.42	5 064	28.20	8 768						
Non productive	3.10	620	4.10	984						
" Wastes & expenses	15.88	3 176	14.40	3,456						
Total Production Cost	69.88	13 993	77.90	18 693						
" Gross profits carried down	30.12	6 004	22.10	5 304						
	100.00	£20 000	100.00	£24 000			£20 000		£24 000	
To Office Expenses										
" Salaries	1.85	370	1.75	420						
" Selling Expenses	7.80	1 560	6.60	1 584			30.02	6 004	22.10	5 704
" Discounts Allowed	8.40	1 720	11.60	2,784			0.90	180	0.15	90
	2.10	420	2.05	492						
Total Distribution and Other Cost	20.35	4 070	22.60	5 280						
" Net profits	10.57	2,114	0.25	60						
	30.92	£6 184	22.25	£5,340			30.92	£6 184	22.25	£5 340

The cost of production in 1935 compared with sales has increased on every item entering into it except works expenses. This may be the result of an effort to secure increased sales by decreasing the selling price or may have been caused by competition compelling the lowering of prices. As the selling expenses percentage has increased the latter is probably the reason. If the former is the actual reason it would appear to be a wrong policy.

EXERCISE XIX—No 22

The Profit and Loss Account and Balance Sheet figures should be converted at a flat rate of exchange. When this has been done a tabular Profit and Loss Account can be prepared containing columns for Britain New York and total and a combined Balance Sheet constructed omitting the Branch Account and Head Office Account appearing in the separate Balance Sheets of the Head Office and the branch respectively.

The accounts may be incorporated in the English books by means of the following journal entries—

JOURNAL

	£	s	d	£	s	d
Branch Trading Account						
To Branch Account						
Commencing Stock	£					
Purchases	£					
Carriage Inwards	£					
balances transferred						
Branch Account						
To Branch Trading Account						
Sales	£					
Ending Stock	£					
balances transferred						
Branch Trading Account						
To Branch Profit and Loss Account						
gross profit transferred						
Branch Account						
To Branch Profit and Loss Account						
Discounts on Purchases	£					
balance transferred						
Branch Profit and Loss Account						
To Branch Account						
Wages	£					
Rent and Rates	£					
Discounts on Sales	£					
Bad Debts	£					
Sundry Expenses	£					
balances transferred						
Branch Profit and Loss Account						
To Head Office Profit and Loss Account						
net profit of branch transferred						

EXERCISE XX—No 23

(a) Write off an appropriate amount for the year, and treat the remainder as an asset

(b) Treat as a reserve in the Balance Sheet on the liabilities side

(c) If thought fit, note on the Balance Sheet as a contingent liability but the amount should not be incorporated as an actual liability in the effective figures for agreeing the Balance Sheet

(d) Deduct the reserves from debtors and creditors respectively in the Balance Sheet, debiting and crediting the Profit and Loss Account along with the actual discounts subject of course to taking into account any reserves existing at the beginning of the year

(e) A profit on sale of old business premises may be treated as a reserve in the Balance Sheet or taken as a profit in the Profit and Loss Account, as it is possible the premises have been over-depreciated in the past, and crediting Profit and Loss Account would be correcting such excessive depreciation. The former method however is probably to be preferred

(f) The same method of placing to reserve as in (e) might be adopted

(g) Place the profit to reserve and include in the Balance Sheet on the liabilities side

EXERCISE XIX—No 24

See text book Chapter XVIII.

EXERCISE XIX—No 25

See text book, Chapter XVII.

EXERCISE XIX—No 27

Dr		SHARPE CAPITAL ACCOUNT				Cr			
To Shares Bank	£	s	d		By Bank Bank Share of Profit	£	s	d	
	50					300			
	584					50			
						284			
	634					634			

Dr		AUSTIN CAPITAL ACCOUNT						Cr	
To Stock Bank		£	s	d	By Bank Patent Fees Share of Profit		£	s	d
		35				150			
		438				40			
						284			
		£474				£474			

Dr				BANK				Cr					
				£	s	d					£	s	d
To Sharpe Capital				300			By Costs of Invent on				478		
Austin Capital				150			Sharpe—Capital Account				584		
Sharpe Capital				50			Austin—Capital Account				438		
Invent on				1 000									
				1 500							£1 500		

Dr				INVENTION ACCOUNT				Cr			
To Bank	£	s	d	£	s	d	By Bank	£	s	d	
Aust n				478			Share in Syndicate	1 000			
Loss on Shares				40			Aust n Stock	1 000			
Profit Sharpe				950				36			
Capital Account	284										
Profit—Austin											
Capital Account	284										
					68						
					£2 036				£2 036		

Dr				SHARES IN SYNDICATE				Cr			
To Investment	£			s	d	By Sharpe—Shares taken over Loss on Shares	£			s	d
	1 000						50				
							950				
	1 000						£1 000				

EXERCISE XIX--No 28

INCOME AND EXPENDITURE ACCOUNT OF FREEMAN GREEN & HARDY FOR THE YEAR ENDED 31st MAY 1938

EXPENDITURE										INCOME		
To Work in Progress, 31st May, 1937										By Charge incurred Work in Progress, 31st May 1938		
										By Net Profit brought from Section I		
£	s	d	£	s	d	£	s	d	£	s	d	
			400						29 21			
			19						1 750			
			82									
			46									
			92									
			137									
			126									
			600									
			2 170									
			27									
			1 850									
			£5,671						£5,671			
									1 850			

EXERCISE XIX—No 28—(cont'd.)

BALANCE SHEET OF FREEMAN GREEN & HARDY AS AT 31st MARCH 1933

BALANCE SHEET OF FRIELMAN GREEN & HARDY									
LIABILITIES AND CAPITAL					ASSETS				
Sundry Creditors					Cash at Bank				
Rent owing					Debtors to Charles O. Standring				
Charging for Typewriting					Less Reserve for Bad Debt				
					Working in Progress				
					Typewriters				
					Add Allowances				
					Office Furniture				

EXERCISE XIX—No 29

The firm should record all goods sent out on approval in a Day Book which in addition to the normal ruling of a Sales Day Book, should have two additional money columns. Goods sent out on approval should be entered in the normal rulings as a memorandum. Any goods returned should be recorded in the first of the two additional columns as a memorandum, the second being used when the goods on approval have actually become sales. This last column is the 'double entry' column, and the items in it are posted to the debit of customers' its total being credited to Sales Account. At any time the total of the 'total' column less the combined totals of the last two columns equals the total of goods out on approval at selling price. Whenever final accounts are prepared this balance is brought into the accounts as stock after reducing it to a value on the usual basis for the valuation of stock.

The ruling of the Day Book mentioned is shown in the following illustration—

GOODS ON APPROVAL JOURNAL

Deliveries				Returns				Sales			
		Particulars	Debit	Total	Date	Amount	Date	Folio	Amount		
1		<i>F. Dalton & Co —</i> 18th February	£ s d	£ s d	19	£ s d	19		£ s d		
1		Silver Teapot	£ 10 10 -	-	Mar 2	1 10 -	Mar 2		10 10 -		
		Silver Tea Service	-	-							
				12							
1		<i>F. Brown —</i> 18th February	£ s d	-	21	5 - -			-		
1		Coffee Set	5 10 -	-							
1		Diamond Ring	-	-							
				15							

EXERCISE XIX No 30

J R GREGSON IN ACCOUNT WITH F R RENSON

	Due	Principal	Days	Products	Interest		Due	Principal	Days	Products	Interest
19 Jan 1	19 Jan 1	£ 250	90	22 500	£ 3 1 8	19 Jan 31	19 Jan 31	700	28	8 400	£ 1 3 7
21 Feb 21	19 Feb 21	186	38	7 068	19 4	16 Feb 16	16 Feb 16	213	19	3 495	1 3 9 7
28 Mar 28	19 Mar 9	400	33	13 200	1 26 2	31 Mar 31	31 Mar 31	176		13 201	1 16 7
		72 7 9								4 479	12 3
		£ 309		29 768	£ 4 1			£ 909		29 568	64 1
						Apr 1	Apr 1	72 7 9			
To Balance						By Balance					
To Goods						By Goods					
To Bills Payable						By Bills Receivable					
To Balance of Interest						By Good					
To Balance c/d						By Red Interest as per contra					
						By Balance of Products					
						By Interest thereon					
						By Balance of Interest					

EXERCISE XX—No. 1.

- (1) By substituting the name 'Steadfast Assurance Co. Ltd., for the name in example 5 in *Advanced Accounts*, pages 932 to 934, and introducing suitable amounts for items an adequate answer to the question may be constructed
- (2) The form of Accounts as prescribed by the Life Assurance Companies Act varies from that usually employed by companies registered under the Companies Act, 1929, in the following particulars—

- (a) The Revenue Account displays items in the reverse order to that usually followed, i.e. Income is debited and Expenditure credited
- (b) The various Funds "at the beginning and at the end of the year are the first (on the debit side) and last (on the credit side) items in the Revenue Account, following the Cash Book order of opening and closing balances.
- (c) The "Funds" appear as Liabilities.
- (d) Profit or Loss is not stated.

EXERCISE XX—No. 2

REVENUE ACCOUNT OF THE HOLDFAST ASSURANCE CO

FOR THE YEAR ENDED 31ST DECEMBER, 19 , IN RESPECT OF LIFE ASSURANCE BUSINESS

	£	s	d	£	s	d.
Amount of Life Assurance Fund, 1st Jan	1,557,060	-	-	70,050	-	-
Premiums Account	142,000	-	-	11,201	-	-
Interest and Dividends Account	51,000	-	-	1,260	-	-
Transfer Fees Account	105	-	-	6,032	-	-
				18,670	-	-
				2,500	-	-
				1,640,452	-	-
	£1,750,165	-	-	£1,750,165	-	-

No 4

REVENU ACCOUNT OF THE MINSTER ASSURANCE CO. LTD

FOR THE YEAR ENDED 31ST DECEMBER 19 , IN RESPECT OF LIFE ASSURANCE BUSINESS

[illegible]

Note.—The amount of increase in the Assurance Fund is £657,815 and appears to be unusually large.

EXERCISE XX—No. 5

REVENUE ACCOUNT OF THE THAMESMOUTH LIFE ASSURANCE CO LTD
FOR THE YEAR ENDED 31ST DECEMBER 19 IN RESPECT OF LIFE ASSURANCE BUSINESS

[illegible]

BALANCE SHEET AS AT 31st DECEMBER 19

LIABILITIES	/	s d		ASSETS	£	s d		£	s d	
Life Assurance Fund	4 235 000			Mortgages on Property within the U K				400 000		
Claims Admitted (not paid)	10 000	-		Mortgages on Property outside of the U K				50 000		
Sundry Creditors	15 000			Loans on Society's Policies within their surrender value				600 000		
				<i>Investments--</i>						
				Municipal Securities (United Kingdom)	500 000					
				Indian and Colonial Government Securities	1 000 000					
				Freehold Ground Rents	800 000					
				Reversions	500 000			2 800 000		
				Life Interests (Loans)				100 000		
				Reversions (Loans)				200 000		
				Outstanding Premiums				50 000		
				Outstanding Interest				10 000		
				Cash in hand				50 000		
								£4 260 000		

Note—£10 000 Indian and Colonial Government Securities have been deposited with the Government of South Africa in respect of Life Assurance business

EXERCISE XX--No 12

Dr

H STEVENS

Cr

1932		£	s	d	1932		£	s	d
Jan 1	To Balance due	1 000	-	-	Jan 1	By Policy A/c	1,000	-	-

Dr

POLICY ACCOUNT

Cr

1932		£	s	d	1932		£	s	d
Jan 1	To H Stevens	1 000	-	-	Dec 31	By Balance c/d	1,000	-	-
Dec 31	Bank	90	-	-					
1933					1933				
Jan 1	Balance b/d	1 090	-	-	Dec 31	Balance c/d	1,160	-	-
Dec 31	Bank	90	-	-					
1934					1934				
Jan 1	Balance b/d	1 180	-	-	Dec 31	Balance c/d	1,270	-	-
Dec 31	Bank	90	-	-					
1935					1935				
Jan 1	Balance b/d	1,270	-	-	Dec 31	Balance c/d	1,360	-	-
Dec 31	Bank	90	-	-					
1936					1936				
Jan 1	Balance b/d	1 360	-	-	Jan 4	Bank	1,800	-	-
Dec 31	Profit and Loss A/c	440	-	-					

Dr

RESERVE ON POLICY ACCOUNT

Cr

1932		£	s	d	1932		£	s	d
Dec 31	To Balance c/d	432	-	-	Jan 1	By Profit and Loss A/c	393	39	-
1933					Dec 31				
Dec 31	Balance c/d	460	-	-	1933				
1934					Jan 1	Balance b/d	432	28	-
Dec 31	Balance c/d	470	-	-	Dec 31	Profit and Loss A/c	460	10	-
1935					1934				
Dec 31	Profit and Loss A/c	8	-	-	Jan 1	Balance b/d	470	-	-
1936	Balance c/d	462	-	-	Dec 31	Profit and Loss A/c	470	-	-
Dec 31	Profit and Loss A/c	462	-	-	1935				
					Jan 1	Balance b/d	462	-	-
					1936				
					Jan 1	Balance b/d	462	-	-

EXERCISE XX—No 13

A BUILDING SOCIETY

Dr		LOAN ACCOUNT				Cr			
1935 Dec 31	To Cash Balance c/d	£ 26 98	s 3 9	d 7 9	1935 July 1 Dec 31	By Balance b/d Interest	£ 124 3	s 13 -	d 6 10
		£124	13	4			£124	13	4
1936 June 30	To Cash Balance c/d	£ 26 74	s 3 15	d 7 5	1936 Jan 1 June 30	By Balance b/d Interest	£ 98 2	s 9 9	d 9 3
		£100	19	-			£100	19	-
1936 Dec 31	To Cash Balance c/d	£ 26 50	s 3 9	d 7 3	1936 July 1 Dec 31	By Balance b/d Interest	£ 74 1	s 15 17	d 5 5
		£76	12	10			£76	12	10
1937 June 30	To Cash Balance c/d	£ 26 25	s 3 10	d 7 11	1937 Jan 1 June 30	By Balance b/d Interest	£ 50 1	s 9 5	d 3 3
		£51	14	6			£51	14	6
1937 Dec 31	To Cash	£ 26 £26	s 3 3	d 7 7	1937 July 1 Dec 31	By Balance b/d Interest	£ 25 £26	s 10 3	d 11 8
		£26	3	7			£26	3	7

EXERCISE XX—No 14

Dr				SMITH				Cr			
1934 Jan 1	To Balance b/d	£ 800	s d	1934 Jan 1	By Endowment Assurance Policy Bad Debts A/c	£ 400 400 £800	s d -				
		£800									

Dr				BAD DEBTS ACCOUNT				Cr			
1934 Jan 1	To Smith	£ £400	s d	1934 June 30	By Profit and Loss A/c	£ £400	s d -				

EXERCISE XX—No 14 (contd)

Dr **ENDOWMENT ASSURANCE POLICY** *Cr*

1934		£	s	d	1934		£	s	d
Jan 1	To Smith	400	-	-	June '30	By Reserve on Policy A/c	20	-	-
Apr 1	" Cash Premium on Policy	50	-	-		" Balance c/d	420	-	-
		£450	-	-			£420	-	-
June 30 1935	To Balance b/d	420	-	-	1935				
Apr 1	" Cash Premium on Policy	50	-	-	June 30	By Reserve on Policy A/c	10	-	-
		£480	-	-		" Balance c/d	470	-	-
June 30 1936	To Balance b/d	470	-	-	1936				
Apr 1	" Cash Premium on Policy	50	-	-	June 30	By Reserve on Policy A/c	5	-	-
		£520	-	-		" Balance c/d	515	-	-
June 30 1936	To Balance b/d	515	-	-			£520	-	-
Oct 31	" Reserve on Policy A/c	35	-	-	Oct 31	By Cash	1 200	-	-
	" Profit on Policy transferred to Cap A/c	650	-	-			£1,200	-	-
		£1 200	-	-					

Dr **CASH BOOK** *Cr*

1936		£	s	d	1934		£	s	d
Oct 31	To Endowment Assurance Policy	1 200	-	-	Apr 1 1935	By Premium on Policy	50	-	-
					Apr 1 1936	Premium on Policy	50	-	-
					Apr 1	Premium on Policy	50	-	-

Dr **RESERVE ON POLICY ACCOUNT** *Cr*

1934		£	s	d	1936		£	s	d
June 30	To Endowment Assurance Policy	20	-	-	Oct 31	By Endowment Assurance Policy	35	-	-
1935									
June 30	To Endowment Assurance Policy	10	-	-					
1936									
June 30	To Endowment Assurance Policy	5	-	-					
		£35	-	-			£35	-	-

EXERCISE XX—No 17.

Messrs Gorgonzola & Co, of London would buy bills to the amount of £1,842 5s 6d with the object of paying for goods purchased in Capetown. The Capetown creditors of Messrs Gorgonzola may have had London creditors to whom they had given their acceptance for goods purchased and, by the intermediary of bill brokers, Messrs Gorgonzola & Co have purchased same, and so discharged their indebtedness.

A further purpose served by buying such bills would be the saving of expense and obviation of risks in sending coin.

Such bills take the form of the ordinary foreign bill, of which a specimen is as below—

No 32/F.	LONDON
£1,842 5 6	28th March, 19..
<div style="border: 1px solid black; padding: 5px; text-align: center;"> STAMP 19/- </div>	<p>At thirty days' sight, pay this FIRST of Exchange (SECOND AND THIRD of same date and tenor unpaid) to the order of M. Marsden the sum of One thousand eight hundred and forty-two pounds, five shillings and sixpence, for value received</p>
To T WEISAN, Capetown	M MARSDEN

The above bill would be endorsed by M. Marsden when sold to bill broker, and endorsed by the bill broker when purchased by Messrs Gorgonzola & Co.

EXERCISE XX—No. 18

B & CO'S LEDGER

Dr

JOINT ADVENTURE WITH A & CO, LAGOS

Cr

19		£	s	d.	19		£	s	d.
	To Goods	20	500	-		By Sale of Native Pro	26	400	-
	, A & Co's Expenses	1	831	5 6		duce			
	Cash £150								
	Charges 293								
		443	-	-					
	, Balance (Profit)	3	625	14 6					
		£	26	400			£	26	400

Note It appears that the cost of Produce was £22,000, but paid for by £20,500 inference being that the difference of £1,500 is to be regarded as trade discount.

EXERCISE XX—No 19

- (a)
- GOODWILL**
- would appear as an asset in the Balance Sheet

Being an intangible asset care must be taken to show **GOODWILL** at a figure agreeable to the present worth of the connection taken over or according to the present worth of that upon which **GOODWILL** was based

- (b)
- REPAIRS RESERVE**
- would appear as a liability in the Balance Sheet

The object of a Repairs Reserve is to charge an equal amount against profits each year sufficient to meet recurring expenditure on Repairs Should the surplus on Reserve be very high future provision on that head must be adjusted accordingly

- (c)
- DEBENTURE ISSUE EXPENSES**
- would appear as an asset in the Balance Sheet

Being an expense on the issue of debentures it would be advisable to write off such expenditure over a period of years equal to the life of the debentures—or if debentures are irredeemable in say five years

- (d)
- PRELIMINARY EXPENSES**
- would appear as an asset in the Balance Sheet

Being expenditure on the flotation of a company such item must be written off over a number of years say between three to five years

- (e)
- UNCLAIMED DIVIDENDS**
- would appear as a liability in the Balance Sheet

- (f)
- EXPENDITURE ON LEASEHOLD WORKS**
- would be transferred to Profit and Loss Account

It is assumed that such expense has been incurred to maintain Lease in repair according to terms of Lease

Should however the expense have been incurred for the *improvement* of Lease the item may be capitalized

- (g)
- FORFEITED SHARES ACCOUNT**
- would appear as a liability in the Balance Sheet

The amount on this account may be absorbed when shares are re issued Further the amount may be transferred to a special Reserve Account

EXERCISE XX—No 20 (a)

N C O S JOURNAL

			£	s	d	£	s	d
19 Jan	5	Guarantee Commission To H Commission charged by H as guarantor of bill	£ 50	-	-	£ 50	-	-
"	5	Discount Account To D B Charge made for discounting bill	70	-	-	70	-	-
July	8	R To D B Adjustment between R & D B on dis- counted bill dishonoured	1 000	-	-	1 000	-	-

EXERCISE XX—No. 20 (a) (contd.)

N CO.'S JOURNAL—(contd.).

		£	s	d	£	s	d
19..							
July 8	Guarantee Commission To H Commission charged by H as guarantor of bill	25	-	-	25	-	-
" 8	Discount Account To D B Charge made for discounting bill	50	-	-	50	-	-
Oct 11	R To D B Adjustment between R & D B on dis- counted bill dishonoured	1,000	-	-	1,000	-	-
" 11	Guarantee Commission To H Commission charged by H as guarantor of bill	25	-	-	25	-	-
" 11	Discount Account To D B Charge made for discounting bill	50	-	-	50	-	-
19							
Jan 14	D B To R Adjustment to close accounts of R & D B	2,000	-	-	2,000	-	-
		£4,275	-	-	£4,275	-	-

BILLS RECEIVABLE BOOK

No of Bill	Date	Name of Acceptor	Tenor	Due Date	Fol.	Amount	Remarks
1	19 Jan 5	R	6 mos.	19 July 8		£ 1,000	} Discounted with D B
2	July 8	R	3	Oct 11		1,000	
2	Oct 11	R	3	Jan 14		1,000	

Dr.

CASH BOOK

Cr

Bank

Bank

		£	s	d			£	s	d
19					19				
Jan 5	To D B	925	-	-	Jan 5	By H	50	-	-
July 8	" D B	800	-	-	July 8	" H	25	-	-
Oct 11	" D B	900	-	-	Oct 11	" H	25	-	-
					19				
					Jan 14	" R	3,000	-	-

EXERCISE XX—No 20 (a) (contd)

Dr				R				Cr			
19		£	s d	19		£	s d				
July 8	To D B	1 000		Jan 5	By B lls Rece vable	1 000					
Oct 11	D B	1 000		July 8	B lls Rece vable	1 000					
19				Oct 11	B lls Rece vable	1 000	-				
Jan 14	“ Cash	3 000		19							
				Jan 14	D B	2 000	-				
		£3 000				£5 000					

Dr				D B				Cr			
		£	s	d			£	s	d		
19					19						
Jan 5	To Bills Receivable	1 000			Jan 5	By Cash	925				
July 8	Bills Receivable	1 000				D discount	75				
Oct 11	Bills Receivable	1 000			July 8	R	1 000				
19					8	Cash	950				
Jan 14	R	2 000			8	Discount	50				
					Oct 11	R	1 000				
					11	Cash	950				
					11	D discount	50				
		£5 000					£5 000				

Dr			H			Cr				
19			£	s	d	19		£	s	d
Jan 5	To Cash		50			Jan 5	By Guarantee Commission	50		
July 8	Cash		25			July 8	Guarantee Commission	25		
Oct 11	Cash		2			Oct 11	Guarantee Commission	25		
			£100					£100		

Dr		BILLS RECEIVABLE ACCOUNT						Cr	
19		£	s	d	19		£	s	d
Jan 5	To R	1 000			Jan 5	By D B	1 000		
July 8	R	1 000			July 8	D B	1 000		
Oct 11	R	1 000			Oct 11	D B	1 000		
		£3 000					£3 000		

Dr		DISCOUNT ACCOUNT				Cr	
19		£	s	d			
Jan 5	To D B	75	-	-			
July 8	D B	50	-	-			
Oct 11	D B	50	-	-			

Dr		GUARANTEE COMMISSION ACCOUNT				Cr	
19		£	s	d			
Jan 5	To H	50					
July 8	H	25					
Oct 11	" H	25					

EXERCISE XX—No 20 (b)

G C's LEDGER

Dr					J P					Cr.					
19					£	s	d		19				£	s	d
Dec 1	1	To Cash	.	.	150	-	-		Dec 1	1	By Shares	.	1,000	-	-
19									19						
Jan 14		" Cash	.	.	150	-	-		Feb 3		" Cash	.	350	-	-
Feb 3		" Cash	.	.	150	-	-								
" 3		" Shares	.	.	900	-	-								
					£1 350	-	-						£1 350	-	-

Dr				SHARES ACCOUNT				Cr				
19				£	s	d	19			£	s	d
Feb	3	To J P		1 000			Dec	1	By J P	900		-
							19					
							Feb	3	" Loss on Sale of Shares	100		-
				£1 000						£1 000		-

Dr				CASH BOOK				Cr							
19 Feb 3	To J P	£ 350	s - d -	19 Dec 1	By J P	£ 150	s - d -	19 Jan 4	" J P	150	- -	Feb 3	" J P	150	- -
TOTAL				£350	-	TOTAL				£450	-				

J P's LEDGER

Dr					G C					Cr				
19			£	s d	19			£	s d	19			£	s d
Dec 1	To Shares	1 000		- -	Dec 1	By Cash		150						
19					19									
Feb 3	" Cash	350		- -	Jan 3	" Cash		150						
					3	" Cash		150						
					Feb 3	" Shares		900						
			£1 350	- -				£1 350	- -					

Dr		W				Cr	
19 Feb 3	To Shares	£ 1 000	s -	d -			

Dr			SHARES ACCOUNT			Cr			
19 Feb 3	To G C	£ 900	s -	d -	19 Dec 1	By G C	£ 1,000	s -	d -
" 3	" Gain on Sale of Shares	100			19 Feb 3	" W .	1 000	-	-
" 3	" Balance c/d	1 000					1 000	-	-
		£2 000					£2,000	-	-

EXERCISE XX—No 20 (b) (contd)

Dr		CASH BOOK				Cr			
19		£	s	d	19		£	s	d
Dec 1	To G C	150			Feb 3	By G C	350		
19					3	Balance c/d	100		
Jan 4	G C	150							
Feb 3	G C	150							
		£450					£450		

EXERCISE XX No 20 (c)

THE COMPANY'S JOURNAL

19	Share Capital Account To Forfeited Shares Account Calls (unpaid) 500 shares Nos to for feited by order of the Board of Directors for non payment of calls	£	s	d	£	s	d
		500			250		
					250		
	D (New Shareholder)	375					
	Forfeited Shares Account To Share Capital Account For re issue of forfeited shares	125			500		
		£1 000			£1 000		

COMPANY'S LEDGER

Dr		SHARE CAPITAL ACCOUNT				Cr			
19	To Forfeited Shares A/c Calls (unpaid) A/c	£	s	d	19	By D Forfeited Shares	£	s	d
		0					375		
		250					125		
		£500					£500		

Dr		FORFEITED SHARES A CUNT				Cr			
19	To Share Cap ital A/c Balance c/d	£	s	d	19	By Share Cap ital A/c	£	s	d
		375					250		
		125							
		£500					£250		

Dr				D				Cr			
19	To Share Capital	£	s	d	19	By Cash	£	s	d		
		375					375				

EXERCISE XX—No. 21 (cont'd)

LEAD & HALL LTD

Dr	APPROPRIATION ACCOUNT				Cr		
	£	s	d		£	s	d
To Manager's Bonus (5% of £1082/8/6)	54	2	5	By Balance 1st Jan	94	5	6
" Dividend on Ordinary Shares	640	4	-	" Current Year's Profit	1,082	8	6
" Vendors Share of Profit (1/4 of £388/2/1)	97	-	-				
" Balance to Balance Sheet	875	7	1				
	£1 666	14	-		£1 666	14	-

EXERCISE XX—No 22

THE UTOPIA MOTOR WORKS LTD

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 19										Cr	
					£	s	d	£	s	d	
To Stock, 1st Feb											
" Loose Tools, 1st Feb					14 685	-	-				
" Purchases (including Carriage)					8 001	-	-				
" Manufacturing Wages					57 833	-	-				
" Balance, Gross Profit					53 129	-	-				
					1 325	-	-				
					£134 973	-	-				
To Rates Taxes, Gas Water and Insurance											
Less Prepaid—					872	-	-				
Rates											
Insurance					61	-	-				
Salaries and Commission											
" Advertising (1/4 of £2 190 W/6)					811	-	-				
" Office Expenses					1 263	-	-				
" Bad Debts					730	-	-				
" Interest on Loan					203	-	-				
Add Amount accrued					1 106	-	-				
					161	-	-				
					26	-	-				
Directors' Fees											
" Depreciation—					187	-	-				
Plant (5% of £38 080)					2 000	-	-				
Buildings											
					1 804	-	-				
					351	-	-				
					2 165	-	-				
					£8 465	-	-				
By Sales											
" Stock, 31st Jan											
" Loose Tools, 31st Jan											
By Trading Account											
" Transfer Fees								607	-	-	
" Bad Debts Reserve, 1st Feb								348	-	-	
" Less New Provision (4% of £28,700)											
" Balance, Net Loss											

THE ENGINE & MOTOR CO., LTD
BALANCE SHEET AS AT 31st MARCH 19..

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
<i>Nominal Capital—</i>		Freehold Property	
75,000 Ordinary Shares of £1 each	75 000	Plant and Machinery	11,595
2,500 6% Cumulative Preference Shares of £10 each	25 000	Less Depreciation	1,159 10
	£100,000	Patterns	3,155
		Less Depreciation	473 5
		Patents	1,535
		Less Depreciation	307
		Office Furniture	545
	50,000	Less Depreciation	54 10
	2,000	Goodwill	490 10
		Loose Tools	3 000
		Stock	2,730
		Sundry Debtors	23,995
		Less Bad Debts Reserve	31,215
		Rent Due from Subletting	1,560 15
	1,545	Cash at Bank	29,654 5
	1,786 16 4	Cash on Deposit	20
		Cash in hand	10,000
		Insurance Unexpired	45
			11,030
			30
			£ 97,970
			£ 97,970

EXERCISE XX—No 24

CONTRACT NO 125

Dr

Name WILLIAMS T R

Cr

Date	Details	Total	Direct Purchases	Fol	Stores	Date	Wages	Total	Debit	Fol
1945 Oct 30	To Subcontract + Sundries	*	£ 52 7 4	15 24 39	£ 125 4 18 10 5 4	94 Oct 8 15 22	£ 15 24 25 7 10 4	£ 85 11 52 7 4 148 18 17 2 2 20 2 6 25 19 -	By Contract	£ 350 -
	To Direct Purchase Stores Expenses at 70 per cent on Wages Expenses at 10 per cent on Materials Profit		52 7 4		148 18 -		85 11	£ 350 -		£ 350 -

EXERCISE XX—No 25.

<i>Dr</i>		STOCK OUT ON HIRE-PURCHASE			<i>Cr</i>	
		£	s	d		£ s d
194					194	
Jan 1	To Value of Stock out on Hire purchase agreements				Dec 31	By Receipts from Hire purchasers during year
Dec 31	Cost of Stock sent out on Hire purchase agreements during year					" Value of Stock out on Hire purchase at end of year (being the amount of the instalments not yet paid after deducting the proportion of profit included therein)
	Transfer to Profit and Loss Account being profit during the year					

The cost of Stock out on hire is obtained from a Hire-Purchase Day Book containing a column showing the cost of each article sold on hire purchase. The receipts from hire purchasers are obtained from an extra column in the Cash Book into which all such receipts are extended. The stock figures are arrived at by valuation.

EXERCISE XX—No 26

JOURNAL

		£	s	d	£	s	d
1934							
Jan 22	Policy Account	270	-	-			
	Bad Debts Account	230	-	-			
	To A				500	-	-
	Policy taken over in satisfaction of debt at surrender value and writing off of balance						
July 1	Life Premium Account	18	-	-			
	To Bank				18	-	-
	Premium paid						
Dec 31	Policy Account	15	-	-			
	To Life Premium Account				15	-	-
	Transfer of increase in surrender value						
	Profit and Loss Account	3	-	-			
	To Life Premium Account				3	-	-
	Transfer						
1935							
July 1	Life Premium Account	18	-	-			
	To Bank				18	-	-
	Premium paid						
Dec 31	Policy Account	16	-	-			
	To Life Premium Account				16	-	-
	Transfer of increase in surrender value						
	Profit and Loss Account	2	-	-			
	To Life Premium Account				2	-	-
	Transfer						
1936							
Jan 15	Bank	530	-	-			
	To Policy Account				530	-	-
	Amount received under policy						
	Policy Account	229	-	-			
	To Profit and Loss Account				229	-	-
	Transfer of profit on policy						
		£1 331	-	-	£1 331	-	-

EXERCISE XX—No 27.

PRODUCTION ACCOUNT OF A MOTOR MANUFACTURING
COMPANY FOR THE YEAR ENDED 31ST DECEMBER, 19 .

	£	s	d	£	s	d
Materials used	325,682	-	-			
Direct Wages	367,265	-	-			
<i>Prime Cost—</i>				692,947	-	-
Factory overhead expenses Equal 20% on Wages . . .				73,453	-	-
<i>Factory Cost—</i>				766,400	-	-
Establishment and general expenses 6% of Factory Cost				45,984	-	-
Total Cost				£812,384	-	-

CALCULATION OF PRICE AT WHICH A MOTOR CAR SHOULD
BE SOLD TO YIELD A PROFIT OF 25 PER CENT

	£	s	d
Materials cost	104	-	-
Wages	80	-	-
	184	-	-
Add 20% of Wages for Factory overhead expenses . . .	16	-	-
Factory Cost	200	-	-
Add 6% of Factory Cost for establishment and general expenses	12	-	-
	212	-	-
Add 25% for profit	53	-	-
Selling price	£265	-	-

EXERCISE XX—No 28

TRADING AND PROFIT AND LOSS ACCOUNTS OF SIGMA LIMITED FOR THE YEAR ENDED 31ST MARCH 1938

Cr

Dr

	£	s	d	£	s	d	By Sales Stock 31st March 1938	£	s	d
To Stock 1st April 1937				23 081				115 316		
" Purchases				102 177				37 001		
" Gross Profit earned to Section II				17 079						
				£152 317				£152 317		
To Office and Showroom Salaries				2 870			By Gross Profit brought from Sect on I	17 079		
To Travellers' Salaries and Commission				3 317			Discount	733		
To Rent and Rates				1 745						
To Bad Debts				631						
To Sundry Expenses				3 075						
To Advertising				600						
To Directors' Fees				41						
To Bank Interest				105						
To Legal Charges and Audit Fee				1 752						
To Sundry Trade Expenses										
To Depreciation—										
Vans and Cars	1 020									
Furniture and Lighting	450									
				1 470						
				2 203						
" Net Trading Profit carried to Sect on III				£17 812				£17 812		
To Legal Charges in connection with Capital Redemption Scheme written off				80			By Net Trading Profit brought from Section II	2 203		
Amount written off Goodwill				353			Dividends from Investments	900		
Balance Net Profit for the year				2 673						
				£3 106				£3 106		

EXERCISE XX—No 9

BALANCE SHEET OF DAVIS EDWARDS & FREEMAN
AS AT 31ST DECEMBER 1935

<i>Liabilities and Capital</i>	Davis			Edwards			Freeman					
	£	s	d	£	s	d	£	s	d	£	s	d
Current Accounts												
Balance 1st Jan. 1935	677			180			243					
Add Interest on Capital	400			550			100					
Salary							150					
Share of Profit	975			585			390					
	050			1115			883					
Less Drawings (including Salary) and Interest on Drawings	1448	11	6	912	18	9	693	9	9			
	£603	8	6	£202	1	3	£189	10	3	£99		
Capital Accounts—												
Davis							8 000					
Edwards							7 000					
Freeman							2 000					
										17 000		

Interest on Drawings has been calculated in months.

EXERCISE XX--No 30.

Dr		REPAIRS AND RENEWALS RESERVE					Cr.		
1937 Dec. 31	To Repairs and Renewals Balance c/d	£ 50 100 £150	s - - -	d - - -	1937 Dec. 31	By Profit and Loss A/c	£ 150 £150	s - -	d - -
1938 Dec. 31	To Repairs and Renewals " Balance c/d	£ 43 207 £250	s - - -	d - - -	1938 Jan 1 Dec 31	By Balance b/d " Profit and Loss A/c	£ 100 150 £250	s - - -	d - - -
1939 Dec 31	To Repairs and Renewals " Balance c/d	£ 76 281 £357	s - - -	d - - -	1939 Jan 1 Dec 31	By Balance b/d " Profit and Loss A/c	£ 207 150 £357	s - - -	d - - -
1940 Dec 31	To Repairs and Renewals Balance c/d	£ 88 343 £431	s - - -	d - - -	1940 Jan 1 Dec 31	By Balance b/d Profit and Loss A/c	£ 281 150 £431	s - - -	d - - -
					1941 Jan 1	By Balance b/d	£ 343	s - -	d - -

<i>Dr</i>		PROFIT AND LOSS ACCOUNT			<i>Cr</i>	
1937 Dec. 31	To Repairs and Renewals Reserve	£ 150	s -	d -		
1938 Dec. 31	Repairs and Renewals Reserve	150	-	-		
1939 Dec. 31	Repairs and Renewals Reserve	150	-	-		
1940 Dec. 31	Repairs and Renewals Reserve	150	-	-		

EXERCISE XXI No 1

STATEMENT OF AFFAIRS OF THE COMPANY

Gross Liabilities		Liabilities		Expected to Rank		Assets		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
8 478		Unsecured Creditors (A)		8 478		Property (H)—			
2 200		Fully secured Creditors (B)	2 900			Cash at Bank		1 200	
		Lettable Value of Securities	500			Stock			150
		Surplus to contra	300			Intakes		300	150
872		Fully secured Creditors (C)	872			TOTAL			900
		Estimated Value of Securities	550			Bank Debts (I)—			3 872
		Interest on Creditors (deducted as per contra)	67			Conc		1 800	750
						Debtial		2 900	
						Bal			
						Surplus as per contra (Sch. D)			300
						TOTAL ASSETS		5 822	
						Deduct for Preferential Creditors as per contra		267	
						NET ASSETS			
						Deficiency (K)		5 555	
								3 245	
								£8 800	

EXERCISE XXI—No 2.

STATEMENT OF AFFAIRS OF RICHARD HUMPHREY
ON 31st JANUARY, 19 .

Gross Liabilities.			Liabilities.			Expected to Rank			Assets			Expected to Produce.		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
693	7	9	Unsecured Creditors (A)			693	7	9	Property (H)—					
45	1	6	Preferential Creditors—						Cash in hand	.	.	1		2
			Creditors for Rent (F)	32	10				Stock in Trade	.	.	315		—
			Creditors for Rates, Taxes, Wages etc.	12	11	6			Shop Fittings	.	.	45		—
			Payable in full (G)	45	1	6			Household Furniture	.	.	280		—
			Deducted as per <i>contra</i>						TOTAL	.	.	841	2	11
									Debit <i>Dobis</i> (J)—	.	.			
									Good	.	.			
									Doubtful	.	.	10	11	6
									Bad	.	.	60	11	3
									TOTAL ASSETS	.	.			
									Deduct for Preferential Creditors as per <i>contra</i>	.	.	670	2	5
									NET ASSETS	.	.	45	1	6
									Deficiency (K)	.	.	631		11
£738	9	3				£693	7	9				62	6	10
												£693	7	9

EXERCISE XXI—No 3

STATEMENT OF AFFAIRS OF JONAS JOHNSON

ON 18TH MARCH 19

Gross Liabilities		LIABILITIES		Expected to Rank		Assets		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
22 100	-	Unsecured Creditors (A)		22 100	-	Property (ii)—			
9 870	-	Partly secured Creditors (B)		-	-	Cash in hand		5	-
	-	Value of Securities		-	-	Office Furniture		40	-
	-	Surplus to contra		-	-	Plant and Machinery		4 200	-
	-					Life Policy in Atlas Assurance Co		192	-
4 764	-	Partly secured Creditors (C)		-	-	TOTAL		4 447	-
	-	Value of Securities		2 443	-			3 000	-
850	-	Preferential Creditors (F & G)		-	-	Book Debts (i)—			
	-	Rents Rates Taxes, and Wages		-	-	Good		500	-
	-	Deducted as per contra		250	-	Doubtful		300	-
	-					Bad		£800	-
	-					Surplus as per contra (Sch D)		200	-
	-					TOTAL ASSETS		2 237	-
	-					Deduct for Preferential Creditors as per contra		9 894	-
	-					NET ASSETS		600	-
	-					Deficiency (h)		9 284	-
	-							15 509	-
	-							£ 24 793	-
£37 984	-								

9 284 = 7/5½ in the £ expenses of Realization are deducted
£ 24 793

EXERCISE XXI—No 5

STATEMENT OF AFFAIRS OF THOMAS JONES

ON

Gross Liabilities	LIABILITIES.			Expected to Rank			ASSETS			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	
3 050			<i>Unsecured Creditors (A)—</i> On Open Accounts 2 500 Liabilities on Bills 400 Bank Overdraft 150						<i>Property (H)—</i> Cash in hand 800 Stock in Trade 300 Trade Fixtures 500 Plant and Machinery 500			20 500 120 400
500			Fully secured Creditors (B) Estimated Value of Security 600			3 050			Total			1 040 500
90			Surplus to contra 100						<i>Book Debts (I)—</i> Good 250 Doubtful 250 Bad 500			100 100
			<i>Preferential Creditors—</i> Rent for 1 year (F) 50 Rates and Taxes (G) 10 Domestic Servants Wages 3 mos (G) 30						Surplus as <i>per contra</i> (Sch. B)			1 740 90
			Deducted as <i>per contra</i> 90						TOTAL ASSETS			1 650 1 400
									Deduct for Preferential Creditors as <i>per contra</i>			£3 050
									NET ASSETS			
									Deficiency (K)			
£3 610						£3 050						

STATEMENT OF AFFAIRS OF WINTER & CO.
ON 29TH SEPTEMBER 19

Gross Liabilities			LIABILITIES			Expected to Rank			Assets			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
6000	-	-	Unsecured Creditors (A)						Property (H)—					
2000	-	-	fully secured Creditors (B)						Cash at Bank			410	-	-
			Value of Security (Stock)						Stock in Trade			1,200	-	-
			Surplus to <i>contra</i>						Furniture etc			250	-	-
1,000	-	-	Partly secured Creditors (C)						Land and Buildings					
			Value of Security (Stock)									1,500	-	-
90	-	-	Preferred Creditors (G)—						TOTAL					
			Wages and Taxes deducted as <i>per contra</i>						Bank Debts (I)—					
									Good					
									Doubtful			250	-	-
									Surplus as <i>per contra</i> (Sch D)					
												2,800	-	-
									TOTAL ASSETS			3,900	-	-
									Deficit for Preferential Creditors as <i>per contra</i>			90	-	-
									Net Assets			3,810	-	-
									Deficiency (I)			2,675	-	-
												£848s	-	-

EXERCISE XXI No 7 STATEMENT OF AFFAIRS OF SAMUEL HOBSON

ON

C	L	E P o R k	A r	P d ce
£ 0 3 0	secu d Cred se	£ 0	P p C b B k rs ho d H se	£ 420 2 000
£ 0	S p om a	80	000 O d Sh	000
500	P v se C s	0 300	B k D Good D u B d	3 0 280
	C s	500	B p E k s fer	000
	p u a		D at P a C d A k p nd a	800 380
			D b y	030 00
£ 0		£ 9 600		80 980 9 600

DEFICILNCY ACCOUNT

C n om n cen D fic n y ad p c s	Ad s	£	£	P d ce
		£ 0 98	S m H so D w s R ss p nse U uccce A	£ 00 3 0 5 0
		£ 60	E F h d H se D b	800 3 620

EXERCISE XXI—No 8.

STATEMENT OF AFFAIRS OF CHARLES JACKSON

ON

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to Produce.	
£	s d	£	s d	£	s d	£	s d	£	s d
753	4 11	Unsecured Creditors (A)	-	753	4 11	Property (H)—	-	-	-
800	-	Fully secured Creditors (B)	-	-	-	Cash in hand	-	1	10
-	-	Value of Security (Works)	-	-	-	Cash at Bank	-	140	2 3
-	-	Surplus to <i>contra</i>	-	-	-	Cash in hands of Solicitor	-	10	-
200	-	Accommodation Bills (D)	-	200	-	Stock in Trade	-	-	-
200	-	Contingent or Other Liabilities (E)	-	-	-	Furniture	-	275	-
88	14 8	Preferential Creditors—	-	100	-	Fittings	-	175	-
-	-	Rent (F)	-	-	-	Machinery	-	50	-
-	-	Rates	-	-	-	Gold Watch and Chain	-	200	-
-	-	Income Tax (G)	-	-	-	TOTAL	-	15	-
-	-	Wages	-	-	-	Book Debts (I)—	-	866	12 3
-	-	Deducted as <i>per contra</i>	-	-	-	Good	-	118	10
-	-	SURPLUS (K)	-	162	6 8	Doubtful	-	-	-
-	-	-	-	-	-	Bad	-	76	4 3
-	-	-	-	-	-	Bills of Exchange (J)	-	296	11 -
-	-	-	-	-	-	Surplus as <i>per contra</i> (Sch. B)	-	£372	15 3
-	-	-	-	-	-	TOTAL ASSETS	-	30	-
-	-	-	-	-	-	Deduct for Preferential Creditors as <i>per contra</i>	-	87	4 -
-	-	-	-	-	-	NET ASSETS	-	200	-
£7,039	19 7	-	-	£1,215	11 7	-	-	1,302	6 3
-	-	-	-	-	-	-	-	86	14 8
-	-	-	-	-	-	-	-	£1,215	11 7

EXERCISE XXI—No 9

STATEMENT OF AFFAIRS OF FRPD JACKSON

ON 31ST MARCH 19

Gross Liabilities		LIABILITIES		Expected to Rank		Assets		Expected to Produce	
£	s	£	s	£	s	£	s	£	s
15 290	-	Unsecured Creditors (A)		15 290	-	Property (11)—			
5 200	-	Fully secured Creditors (B)			-	Cash in hand		10	-
	-	Value of Securities			-	Stock in Trade		1 400	-
	-	Surplus to (C)			-	Fixed Plant and Machinery		3 000	-
5 400	-	Partly secured Creditors			-	Household Furniture etc.			
	-	Value of Securities		1 100	-	600 Shares in Cooper & Co. Ltd		360	-
	-	Preferential Creditors—			-	(10% paid up quoted @ 12/8)		375	-
25	-	Rent (1) deducted as per contra			-	TOTAL		5 145	-
	-				-	Bank Debts (1)—		1 000	-
	-				-	Good			
	-				-	Doubtful		500	-
	-				-	Bad		750	-
	-				-			1 250	-
	-				-	TOTAL ASSETS		11 395	-
	-				-	Deduct for Preferential Creditors as per contra		25	-
	-				-	NET ASSETS		11 370	-
	-				-	Deficiency (K)		5 020	-
	-				-			16 390	-
25 915	-			£ 16 390	-				

NOTE—The Securities consist of Leasehold Items as £9 000 and the Life Insurance Policy (at surrender value) £500

EXERCISE XXI—No. 9 (cont'd.)

DEFICIENCY ACCOUNT

	£	s	d
Capital at Commencement	12	360	-
Trading Profits—			
1st year	5	000	-
2nd year	5	020	-
Deficiency as per Statement of Affairs			
Trading Losses—			
2nd year	3	000	-
3rd year	9	35	-
Fred Jackson's Drawings—			
1st year	4	905	-
2nd year	4	000	-
3rd year	5	000	-
Bad Debts			
Private and Household Debts			
Estimated Losses on Real Estate—			
Leasehold	1	000	-
Plant	1	000	-
Stock	6	000	-
	22	380	-
	£		
	22	380	-
	£		
	22	380	-

STATEMENT OF AFFAIRS OF A LIVERPOOL MERCHANT

ON

Cr Liabilities	Assets	Expected to Rank	Expected to Produce
£ s d	£ s d	£ s d	£ s d
28,533 235	Property (H)— Cash Loans Savings Bank	8,896	4 80 1,200
37,097	Stock and Debt at fair value on cost		23,360
5,833	Four St. to Buildings and Steamers and Carrying Charge	19,599	0,000
82	Office Furniture	1,000	200
	Bank Deposits (in the Bank) (B)— Cash Loans Savings		44,844 1,341
	Surplus as per cost (Sch B)		85
	Defined for Preferential Creditors as per cost		278
	Deficiency (K)		43,348 82
£71,000	Net Assets	£49,495	£49,495

EXERCISE XXI—No 10 (cont.)

EFFICIENCY ACCOUNT

Capital at Commencement	£	s	d	£	s	d
<i>Trading Profits</i> —						
1st year	7 000			100		
2nd year	6 000			600		
				1 031		
						1,731
						22,500
						119
Drawings at 4,500 p a for 5 years						
Bad Debts, London						
<i>Estimated Losses on Realization</i> —						
Stock Liverpool				106		
Stock, and Book Debts at four						
Stations on the Coast				13 224		
Station Buildings, etc				20,000		
Furniture				89		
						33,419
Liability on Bills Discounted						1,000
						58,769
						£

EXERCISE XXI—No 11

STATEMENT OF AFFAIRS OF THE SANDY FREEHOLD LAND SOCIETY

ON 9TH JULY, 19 .

Cross Liabilities		Liabilities		Expected to Bank		Assets		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
200 000	-	Unsecured Creditors (A)	-	200 000	-	Property (H)—	-	100	-
6 000	-	Fully secured Creditors (B)	6 000	-	-	Cash in Office	-	900	-
	-	Value of Security	12 000	-	-	Cash at Bank	-	86 000	-
	-	Surplus to contra	6 000	-	-	Property	-	60 000	-
300	-	Preferential Creditors (C)	300	-	-	Loans on Mortgage	-		-
	-	Rates Taxes and Wages deducted as per contra	-	-	-	Office Furniture etc	-	100	-
	-		-	-	-	Total	-	117 100	-
	-		-	-	-	Book Debts (I)—	-	1 000	-
	-		-	-	-	Good	-		-
	-		-	-	-	Doubtful	-		-
	-		-	-	-	Bad	-		-
	-		-	-	-		-	2 000	-
	-		-	-	-	Bills of Exchange (J)	-	22	-
	-		-	-	-	Surplus as per contra (Sch B)	-	8 000	-
	-		-	-	-	Total Assets	-	128 122	-
	-		-	-	-	Deduct for Preferential Creditors as per contra	-	300	-
	-		-	-	-	Deficiency (K)	-	125 822	-
	-		-	-	-		-	74 178	-
	-		-	-	-		-	£200 000	-

ON 10TH OCTOBER 19

Gross Liabilities		LIABILITIES		Expected to Rank		Assets		Expected to Produce	
£	s	d	£	s	d	£	s	d	£
9 448	-	-	Unsecured Creditors (A)—			Property (H)—			85
			Trade Accounts			Cash			1,900
			Cash Advances			Stock in Trade			25
1,420	-	-	Partly-secured Creditors (B)			Office Furniture			500
			Value of Securities (Life Policies)			Plant, Tools etc			
						Investments			740
			Surplus to contra			Unfulfilled Contracts			3,000
10,134	-	-	Partly-secured Creditors (C)			Total			8 250
			Value of Securities			Bank Debt (I)—			1 883
105	-	-	Preferred Creditors—			Good Bid			607
			Rent (F)			Surplus as per contra (Sch. II)			
			Wages (G)			TOTAL ASSETS			9 109
			Deducted as per contra			Deduct for Preferential Creditors as per contra			125
£21,167	-	-				Deficiency (K)			8 044
									3 118
									12,162

DEFICIENCY ACCOUNT

Capital at commencement 1st Jan. 19		Deficiency as per Statement of Affairs		Trading Loss—		1st January to 10th October of same year	
£	s	d	£	s	d	£	s
						Drawings	374
						Bad Debts	740
						Loss on Sale of Investments	200
						Estimated Loss on Realisation—	
						Plant	1,380
							£3 707

NOV 31st DECEMBER 19

Gross Liabilities		LIABILITIES		Expected to Repay		ASSETS		Expected to Reproduce	
£	s d	£	s d	£	s d	£	s d	£	s d
14 050		Unsecured Creditors (A)		15 050		Property (H)—		10 100	
19 080		Partly secured Creditors (B)		—		Cash in hand		—	
		Value of Securities		13 080		Stock Trade		12 800	
2 060		Distributable Dividend		280		Machinery and Plant		—	
500		Preferential Creditors—				Land and Buildings		8 000	
		Wages Taxes etc. deducted as per co. 4		500		Loans		—	
						Bank Debts (I)		18 502	
						Good		7 883	
						Doubtful and Bad		178	
						TOTAL ASSETS		26 540	
						Deduct for Preference Creditors as per contra		500	
						NET ASSETS		26 040	
						Deficiency (K)		2 370	
				£ 28 410				£ 28 410	

DEFICIENCY ACCOUNT

[illegible]

STATEMENT OF AFFAIRS OF "A"
ON 31st DECEMBER 19

Gross Liabilities	LIABILITIES	Expected to Rank	Assets	Expected to Produce
£	£ s d	£ s d	£ s d	£ s d
75,000	Unsecured Creditors (A)	75,000	Property (H)—	300
10,100	Fully secured Creditors (B)—		Cash at Bank	30,900
	Mortgages	10,000	Stock (less loan of £100)	
	Open Accounts	100	Consignments	5,000
		10,100	Fixtures	1,500
	Value of Securities—		Machinery	12,000
	M 11		Cottages	3,000
	Loan on Stock	11,000		
	Surplus to <i>contra</i>	—	Total	61,500
40,000	Partly secured Creditors (C)	40,000	Bank Debts (I)—	20,000
	Value of Security (Shares)	16,000	Good	
7,000	Liability on Bills Discounted (D)	24,000	Doubtful	
		3,500	Bad	
3,000	Preferential Creditors deducted in full as <i>per contra</i>	—		
			Bills of Exchange (J)	2,000
			Surplus as <i>per contra</i> (Sch. B)	1,400
				1,000
			Total Assets	85,900
			Debted for Preferential Creditors as <i>per contra</i>	3,000
			Net Assets	82,900
			Deficiency (K)	19,000
£138,100		£102,500		£102,500

EXERCISE XXI—No 14 (cont'd)

DEFICIENCY ACCOUNT

[illegible]

STYLING OF AIRS OF JOHN HOWSON

EXERCISE XXI No. 13 ON

Assets	Liabilities	Expected to be realized
<p>Fixed Assets (I)—</p> <p>Land 1,000</p> <p>Buildings 1,500</p> <p>Plant and Machinery 1,500</p> <p>TOTAL</p> <p>3,215</p>	<p>Securities (II)—</p> <p>Government Securities 1,200</p> <p>Debentures 1,500</p> <p>Surplus to contra</p> <p>1,200</p> <p>1,500</p> <p>1,500</p> <p>TOTAL</p> <p>3,215</p>	<p>1,000</p> <p>1,500</p> <p>1,500</p> <p>3,215</p>
<p>Current Assets (I)—</p> <p>Stocks 200</p> <p>Debtors 150</p> <p>Prepaid Expenses 100</p> <p>Surplus as per contra (Sch II)</p> <p>TOTAL ASSETS</p> <p>4,615</p> <p>Deduct for Preference Creditors as per contra</p> <p>750</p> <p>Deficiency (K)</p> <p>£525</p>	<p>Current Liabilities (II)—</p> <p>Trade Creditors 2,000</p> <p>Bankers' Liabilities 1,500</p> <p>Wages 15</p> <p>Preference Creditors 100</p> <p>Deducted as per contra</p> <p>1,500</p> <p>15</p> <p>100</p> <p>1,500</p> <p>1,500</p> <p>1,500</p> <p>TOTAL LIABILITIES</p> <p>4,615</p>	<p>200</p> <p>150</p> <p>100</p> <p>300</p> <p>4,615</p> <p>750</p> <p>525</p>

EXERCISE XXI—No. 16

STATEMENT OF AFFAIRS OF JOHN MASON

ON 31ST MARCH 19 .

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
3 500	-	Unsecured Creditors (A)—				Profrty (H)—			
		Trade	2 300	-		Cash	-	-	-
		Cash	1 000	-	3 500	Stock	-	1 000	-
3 543	15	Fully secured Creditors (B)	3 543	15		Furniture, etc	-	180	-
		(Mortgages on Freehold Land and Buildings, all including 1 Qrs Interest)				Plant and Machinery	-	600	-
		Value of Security (Freehold Land and Buildings)	4 300	-		TOTAL	-	1 805	-
		Surplus to make	956	5		Bank Debts (J)—	-	1 000	-
1,000	-	Partly secured Creditors (C)	1 000	-		Good	-	-	-
		Value of Security	600	-	400	Doubtful	-	-	-
300	-	Preferred Creditors (F & G)—	300	-		Bnd	-	-	-
		Kent Rates Taxes and Wages deducted as per <i>foura</i>				Surplus as per contra (Sch. II)	-	100	-
						TOTAL ASSETS	-	956	5
						Deduct for Preferential Creditors as per <i>foura</i>	-	3 861	5
						Deficiency (K)	-	200	-
						Next Assets	-	3 561	5
							-	338	15
							-	£3 900	-
(3 543 15)	-			£3 900	-		-	-	-

STATEMENT OF AFFAIRS OF HENRY JONES

ON

Gross Liabilities.			LIABILITIES			Expected to Rank			ASSETS.			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
5365			<i>Unsecured Creditors (A).—</i>						<i>Property (H).—</i>			10		
			Open Accounts	196					Cash			1200		
			Bank Overdraft	1200					Stock in Trade					
			Bills Payable	2200				5365	Furniture and Fittings			80		
612			<i>Fully secured Creditors (B).—</i>						Household Furniture etc			250		
			Mortgage on House of £600 @ 4% (including Interest of £12 due)	612					TOTAL					
			Value of Security	750					<i>Bank Debts (I).—</i>			1140		
			Surplus to contra	138					Good			1000		
500			Liability on Bills Discounted (D)	500			100		Doubtful					
50			<i>Preferential Creditors.—</i>						Bad					
			Rates (G)	1					Surplus as per contra (Sch B)			1000		
			Sundry	3					TOTAL ASSETS			138		
			Deducted as per contra	50					Deduct for Preferential Creditors as per contra			3678		
									NET ASSETS			50		
									Deficiency (K)			3628		
												1837		
£65.7	-	-						£5465				£5465		

STATEMENT OF AFFAIRS OF "A"

ON 15TH OCTOBER 19 .

Gross Liabilities			LIABILITIES			Expected to Rank			ASSETS			Expected to Produce		
£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
23	504	7 6	Unsecured Creditors (A) <i>Fully secured Creditor (B)—</i> Rent Overdraft			23,509	7	6	Property (H)— Cash in hand (including Petty Cash) Stock Fixtures and Fittings Office Furniture Private Assets (consisting of Life Policy £100 held as a security) and Household Furniture Horses and Carts			31 7,468 7,329 262	16 17 9 7	4
6,897	3	6	Value of Securities— (a) Freehold Property (£8,000) / £2,383/10 ¹⁰ (b) Stock (as per Dock Warrant)			6,897	3	6	Total			885 682	8	-
			Surplus to <i>own use</i>			8,983	10	10	Book Debts (I)— Good Doubtful Bad			9,359 - 365 144	14	3
589	2	6	Partly secured Creditors Value of Security (Life Policy)			1,486	7	4					4,780	3
589	17	2	Liability on Bills Discounted (D)			589	2	6					-	5
329	5	3	Contingent Liabilities (L)— Private Debt			499	2	6	Bills Receivable (J)			509	-	-
182	3	6	Preferential Creditors— H. Jones for Rent (T) Rates (G)			229	13	6	Surplus as per <i>contra</i> (Sub B)			4,283	3	7
			<i>Deducted as per contra</i>			389	5	3	Total Assets			1,486	7	4
						£182	3	6	<i>Deduct for Preferential Creditors as per contra</i>			19,804	5	-
									Deficiency (K)			192	3	6
£32,245	19	5				£24,706	8	8				19,622	1	6
												5,084	7	2
												£24,706	8	8

STATEMENT OF AFFAIRS OF CATCHM & CHETAM
ON 31st DECEMBER 19

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to reduce	
£	s	£	s	£	s	£	s	£	s
50 000	-	Unsecured Creditors (A)	-	50 000	-	Property (H)—	-	1 350	-
10 000	-	Fully secured Creditors (B)	-	-	-	Costs and Bills	-	10 800	-
		Value of Security (Works)	-	-	-	Stocks and Work in Progress	-	-	-
		Surplus to contra	-	-	-	Consignments	-	2 000	-
30 000	-	Partly secured Creditors (C)	-	-	-	Furniture and Fittings	-	1 000	-
		Value of Security (Loan on Stock)	-	-	-	Total	-	15 150	-
10 000	-	Liability on Bills Discounted (D)	-	22 800	-	Book Debts (I)—	-	18 000	-
1 000	-	Preferential Creditors (E)—	-	3 000	-	Good	-	-	-
		Salaries and Rates Deducted as per contra	-	-	-	Doubtful	-	-	-
			-	-	-	Bad	-	-	-
			-	-	-	£ 21 650	-	3 000	-
			-	-	-	Surplus as per contra (Sch B)	-	40 000	-
			-	-	-	Total Assets	-	76 150	-
			-	-	-	Deduct for Preference at Creditors as per contra	-	1 000	-
			-	-	-	NET ASSETS	-	75 150	-
			-	-	-	Deficiency (K)	-	850	-
			-	-	-	£ 75 800	-	£ 75 800	-

Note—As Stock realize £18 000 instead of £25 000 the value of loan held by partly secured Creditors would be only equal to £8 of £10 000

EXERCISE XXI—No 10 (cont'd.)

EFFICIENCY ACCOUNT

[illegible]

EXERCISE XXI—No. 20

ON 30TH JUNE 19

[illegible]

DEFICIENCY ACCOUNT

[illegible]

STATEMENT OF AFFAIRS OF ALFRED SYKES
ON 31ST DECEMBER, 19

Gross Liabilities		LIABILITIES		Expected to Rank		ASSETS		Expected to Produce	
£	s	£	s	£	s	£	s	£	s
51 750	-	Unsecured Creditors (A)		51 750	-	Property (H)—			
20 000	-	Fully secured Creditors (B)				Cash in hand		5	-
		Value of Security				Cash at Bank		1	-
		Surplus to contra				Stock (in Warehouse)		668	13 4
7 500	-	Partly secured Creditors (C)				Fixtures, Hoist, etc.			
		Value of Security				Properties Stock, Book Debts (Brazil)		333	6 8
9 000	-	Liability on Bills Discounted (D)		2 750	-	Properties Stock, Book Debts (Brazil)		18 000	-
		Value of Security							
250	-	Preferential Creditors (G)—				Total		17 006	-
		Wages and Taxes Deducted as per contra				Good			
						Doubtful		5 000	-
						Bad		4 500	-
								6 650	-
						Surplus as per contra (Sch. B)		3 333	6 8
								6 000	-
						Total Assets		32 989	6 8
						Deduct for Preferential Creditors as per contra		250	-
						NET ASSETS		32 739	6 8
						Deficiency (K)		21 760	13 4
								54 500	-

EXERCISE XXI—No 21 (cont'd.)

EFFICIENCY ACCOUNT

[illegible]

STATEMENT OF AFFAIRS OF NATHAN THORPE

ON 20TH MARCH 1914

Gross Liabilities	LIABILITIES			PARTICULARS to Balance			ASSETS			I expect to reduce		
£ s d	£	s	d	£	s	d	£	s	d	£	s	d
3 140 - - 4 508 12 4	Unsecured Creditors (A) Fully secured Creditors (B) Value of Securities	4 608 17 4 4 508		3 140			Property (H)— Cash in hand Stock in Trade			5 100		
1,025 - -	Surplus to List C Partly secured Creditors (C) Value of Securities— Surplus from D Deduct Value of Life Policy 1913/14/15 20/-	103 6 8 1 025					Loose Tools, Plant etc. Household Furniture Shares in Hole Mine Co (500, 5/- paid)			340 240		
375 - -	Contingent Liabilities (E)— Hole Mine Co. Ltd. (15/- per share due on 500 £1 shares)	0 53 6 8		71 13 4			Book Debts (I)— Good Doubtful Bad			1,205 285		
140 - -	Preferential Creditors— Rent (J) Rates and Taxes (G) Deducted as per contra	95 - - 45 - - 140 - -		375			TOTAL ASSETS Paid off for Preferential Creditors as per contra	800 2 000 £2 800				
£0 750 11 4				£3 408 13 4			Deficiency (K)			1 550 2 048 £3 598	17 4	11 4

EXERCISE XXI—No. 23

STATEMENT OF AFFAIRS OF JOHNSON & CALFY

ON 31ST DECEMBER 19

Cross Liabilities		Liabilities		Expected to Bank		Assets		Expected to Proceed	
£	s	£	s	£	s	£	s	£	s
25 000	-	Unsecured Creditors (A)	17 000	25 000	-	Property (H)—	-	250	-
17 000	-	Fully secured Creditors (B)	25 000	-	-	Cash	-	5 000	-
		Value of Securities	8 000	-	-	Property	-	9 000	-
		Surplus to extra	-	-	-	TOTAL	-	14 250	-
23 900	-	Partly secured Creditors (C)	23 900	-	-	Bank Debts (I)—	-	1 000	-
		Value of Securities	3 000	-	0 900	Good	-	600	-
			-	-	-	Doubtful	-	1 000	-
750	-	Preferential Creditors (C)—	750	-	-	Bad	-	1 600	-
		Wages Salaries and Taxes Deductible as per contract	-	-	-	Bills Receivable (J)	-	200	-
			-	-	-	Surplus as per contract (Sch. H)	-	4 250	-
			-	-	-	TOTAL ASSETS	-	8 000	-
			-	-	-	Deduct for Preferential Creditors as per contract	-	27 900	-
			-	-	-	Deficiency (K)	-	7 60	-
			-	-	-	NET ASSETS	-	27 00	-
			-	-	-		-	18 700	-
			-	-	-		-	45 900	-

INDIVIDUAL ACCOUNT

[illegible]

EXERCISE XXI—No 24.

ROBINSON BROS' BALANCE SHEET

AS AT 3RD APRIL, 19..

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Cash Creditors	26,092	-	-	Cash	843	-	-
Trade Creditors	31,280	-	-	Bank	1,050	-	-
Creditors	2,128	-	-	Debtors	2,975	-	-
				Stock	30,155	-	-
				Fixtures	1,400	-	-
				Life Policies	2,353	-	-
				Properties	14,395	-	-
				Partners Overdrawn—			
				Alfred	£2 885		
				Benjamin	2,282		
				Charles	1,182		
					6,329	-	-
	£ 59,500	-	-		£ 59,500	-	-

ALFRED ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL, 19 .

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Cash Creditors	2 578	-	-	Household Furniture . .	1,000	-	-
Tradesmen	697	-	-	Other Effects	3,000	-	-
Amount due to Partner ship	2 885	-	-	Deficiency	2,160	-	-
	£ 6 160	-	-		£ 6 160	-	-

Notes—

(a) It has been assumed that the Securities held by the Fully-secured Creditors, i.e. the amount of £14,395 would be represented by Property of the firm.

(b) The item 'Other Effects' represents the 'Securities' held by the Cash Creditors.

(c) The 'Securities' have been assumed not to have represented the ACTUAL taking over of assets at time of making Balance Sheets.

EXERCISE XXI—No 24 (contd)

BENJAMIN ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Tradesmen	119			Household Furniture	1 000		-
Amount due to Partnership	2 262	-	-	Deficiency . . .	1 381	-	-
	£2 381				£2 381		-

CHARLES ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Cash Creditors	510		-	Household Furniture	500		-
Tradesmen	190	-		Reversionary Interest	200		-
Amount due to Partnership	1 182			(under Will of J Smith)			
	£1 882			Deficiency	1 182		-
					£1 882		-

STATEMENT OF AFFAIRS OF ALFRED ROBINSON

ON 3RD APRIL 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Unsecured Creditors (A)	697			Property (H)—			
Fully secured Creditors (B) £2 578				Household Furniture	1 000		-
Value of Security 3 000				Surplus as <i>per contra</i> (Sch B)	422		-
Surplus to <i>contra</i> 422							
Surplus to Partnership	725	-					
	£1 422				£1 422		-

EXERCISE XXI—No 24 (*contd*)

STATEMENT OF AFFAIRS OF BENJAMIN ROBINSON

ON 3RD APRIL, 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Unsecured Creditors (A)	119			Property (H)—			
SURPLUS to Partnership	881			Household Furniture	1,000		
	£1 000				£1 000		

STATEMENT OF AFFAIRS OF CHARLES ROBINSON

ON 3RD APRIL, 19

LIABILITIES	£	s	d	ASSETS	£	s	d
Unsecured Creditors (A)	700			Property (H)—			
				Household Furniture .	£500		
				Reversionary Interest	200		
				(under Will of J Smith)	—	700	
	£700				£700		

EXERCISE XXI—No 24 *cont'd*

STATEMENT OF AFFAIRS OF ROBINSON BROS

ON 3RD APRIL 19

Gross Liabilities	Liabilities.	Expected to Rank	Assets	Expected to Produce
£ s d		£ s d		£ s d
37 922	Unsecured Creditors (A)	37 922	<i>Property</i> (H)—	
10 435	Fully secured Creditors (B)		Cash in hand	843
	Value of Securities		Cash & Bank	1 030
			Stock & Trade	30 155
	Surplus to <i>contra</i>		Surplus from Estates	1 400
			Alfred Robinson	
9 015	Partly secured Creditors (C)		Benjamin Robinson	
	Value of Securities			
			TOTAL	1 606
1 340	Liabilities on Bills Discounted (D)	6 66	<i>Book Debts</i> (I)—	
			Good	35 054
2 128	Preferential Creditors deducted as <i>per contra</i>		Surplus as <i>per contra</i> (S. h. B.)	2 975
				3 960
			TOTAL ASSETS	41 989
			Deduct for Preferential Creditors as <i>per contra</i>	2 128
				39 861
			NET ASSETS	4 723
			Deficiency (K.)	
£80 840		£ 44 584		£ 44 584

STATEMENT OF AFFAIRS OF WOOD & SMITH
ON 1ST FEBRUARY, 19

Gross Liabilities		LIABILITIES		Expected to be paid		Assets		Expected to produce	
£	s d	£	s d	£	s d	£	s d	£	s d
25 000	5 8	Unsecured Creditors (A)—				Property (H)—			
		Trade	21 000			Cash in hand		65	4 10
		'A's Loan	2 000			Cash at Bank		270	14 2
4 600		Partly secured Creditors (B)	4 600			Stock		1 275	6 10
		Value of Security	4 000			Fixtures etc		200	
240	12 6	Preferred Creditors (C) deducted as per contra	240	12 6		TOTAL		1 811	5 10
						Bank Debts (I)—			
						Good		820	
						Doubtful		72	15 9
						Bad		41	5
								£ 114	— 9
						TOTAL ASSETS		2 549	5 10
						Deduct for Preferential Creditors as per contra		240	12 6
						NET ASSETS		2 309	13 4
						Deficiency (K)		23 291	12 2
£ 29 840	18			£ 25 000	5 8			£ 25 000	5 8

EXERCISE XXI—No 26

TRUSTEES FINAL STATEMENT OF ACCOUNT

To Total Receipts from Date of Receiving Order—	£	l	s	d
Cash	10			
Stock	800			
Fittings	115			
Property	150			
Sundry Debtors	735			
Surplus from Assets estate	120			
		1 030		
				£1 530
By Legal Expense Trustees Remuneration— 5% on £1 530 assets realized 5% on £1 285 assets distributed			76 10 64 5	— —
Creditors viz— Referential Creditors Sundry Creditors (Composit on of 12/6 in £)			100 1 125	— —
A s L state				1 285 69 —
				£1 530

EXERCISE XXI—No 27

TRUSTEE'S FINAL STATEMENT OF ACCOUNT

To Total Receipts from Date of Receiving Order—	£	s	d	£	s	d
Cash and Bank	4	7	11			
Miscellaneous	13	12	8			
Investments	40	17	2			
Life Policies	565					
Sundry Debtors	2 135	5	11			
	2 758	19	8			
	380	16	6	2 378	3	2
				£2 378	3	2

Less—	£	s	d	£	s	d
Refund of Cost of Petition						
Redemption of Policies	375	16	6	1 862	3	9
				11	14	10
				£2 378	3	2

TRUSTEES' FINAL STATEMENT OF ACCOUNT

To Total Receipts from Date of Receiving Order—		£	s	d	£	s	d
Stock	.	1 250	-	-			
Jewellery	.	700	-	-			
Furniture	.	450	-	-			
Buildings	.	3 000	-	-			
Trading	.	7 000	-	-			
Sundry Debtors	.	3 100	-	-			
		15 500	-	-			
Less—							
Redemption of Jewellery	£ 400						
Mortgage	2 000						
Trading	6 250						
		8 650	-	-	6 850	-	-
					£6 850	-	-

EXERCISE XXI No 29

JOURNAL

		£	s	d	£	s	d
19							
Jan 1	Dodd To Loose Plant Sale of horses	500	-		500		
" 1	Cash Bills Receivable To Dodd Receipt of £100 in cash and four acceptances each of the value of £100 for periods of 1 2 3 4 mos respectively	100 400			500		-
" 3	Bank Discount To Bills Receivable Acceptances due 4th Feb and 4th Mar discounted	19s 5			200		
" 31	Dodd To Bani (For his request for non presentment of bill due 4th Feb)	100	-		100		-
Apr 5	Bank To Bills Receivable Dodd's bill on 4th Feb	100			100		-
" 6	Dodd To Bills Receivable For cancellation of bill due 4th May	100	-		100		-
" 6	Bank To Dodd Settlement of Dodd's Account	200			200		-
May 1	Bank To Bradley Account Dividend of 6 6 in the £ received	2 1s			2 1s		-

EXERCISE XXI—No. 29 (contd.)

JOURNAL—(contd.)

19		£	s	d	£	s	d
May 1	Bad Debts Account To Bradley Balance of Bradley's A/c irrecoverable	7	5	-	7	5	-
" 2	Bank To Bad Debts Recovered Sum received from James, whose account had been written off as bad	5	-	-	5	-	-
" 3	Earle & Co To Sales Goods consigned to Earle & Co	100	-	-	100	-	-
" 4	Joint Account To French Tea purchased on Joint A/c with Brockle	500	-	-	500	-	-
" 5	Bank To Brockle Receipt of Brockle's half of cost of tea purchased in venture	250	-	-	250	-	-
" 6	Bank To Joint Account Sale for cash of tea on venture	700	-	-	700	-	-
" 7	Joint Account To Commission etc Commission and expenses of sale of tea on venture	18	6	-	18	6	-
" 7	Joint Account To Brockle Transfer of share of gain on venture	90	17	-	90	17	-
" 7	Brockle To Cash Payment of amount due to Brockle	340	17	-	340	17	-
		£3 715	-	-	£3 715	-	-

Dr		JOINT ACCOUNT				Cr			
19		£	s	d	19		£	s	d
May 4	To French	500	-	-	May 6	By Cash	700	-	-
" 7	" Commission, etc. (Expenses)	18	6	-					
" 7	" Brockle (½ share of Profit)	90	17	-					
" 7	" Profit and Loss A/c	90	17	-					
		£700	-	-			£700	-	-

EXERCISE XXI—No 29 (contd)

Dr				DODD				Cr				
19				£	s	d	19			£	s	d
Jan 1	To Loose Plant			400	-	-	Jan 1	By B lls Receivable		400	-	-
31	Bank			100	-	-		Cash		100	-	-
Apr 6	B lls Receivable			100	-	-	Apr 6			200	-	-
				£700						£700		

Note—The account of Dodd has been shown to add clearness to the solution

EXERCISE XXI—No 30

An Accommodation Bill is a Bill of Exchange given by one person to another for the mutual benefit of both parties or for the benefit of either party. It is distinguished from an ordinary B/E as no value is given for it.

JONES JOURNAL

		£	s	d	£	s	d
19							
Jan 1	Jas Smith	1 000	-	-	1 000	-	-
	To Bills Payable						
	For bill of £1 000 for 3 mos drawn for their mutual accommodation						
" 1	Bank	495	-	-			
	Discount	5					
	To Jas Smith				500	-	-
	For share of proceeds of bill and discount charges						
Mar 31	Bills Receivable	1 100			1 100	-	-
	To Jas Smith						
	For B/E to provide funds to meet bill of £1 000 for 3 mos						
" 31	Bank	1 090					
	Discount	10					
	To Bills Receivable				1 100	-	-
31	Jas Smith	44			44	-	-
	To Cash						
June 29	Jas Smith	1 100	-	-	1 100	-	-
	To Bills Receivable						
	For bill dishonoured by Jas Smith becoming bankrupt						
Dec 31	Cash	272	-	-			
	Bad Debts Account	272	-	-			
	To Jas Smith				544	-	-
	For composition of 10/- in £ on balance of £544 and balance written off as being irrecoverable						
		£5 388			£5 388		

EXERCISE XXI—No 33

BANK CASH BOOK (PAYMENTS)

Date	Particulars	Discount	Cash	Bank	Bo ght Ledger	Sal s Ledger	General Ledger	Private Ledger
19 Jan 4	By Wages	£		£ 27 13 6	£		£ 27 13 6	£
11	D Dunlop	8 14 8		165 18 6	174 13 2			
11	Wages			31 14 8			31 14 8	
13	Bills Payable			270 10 6			270 10 6	
16	J Ernest	4 6 9		82 9	86 15 9			
17	Jetty Cash			10				
18	Drawings			50				50
18	Wages			29 2 10			29 2 10	
19	Purchases A/c			50 10 5		150 7 6	50 10 5	
24	J Smith			150 7 6	217 6 10			
25	J Franklin	10 17 4		208 9 6				
		£ 23 18 9		£ 1 074 16 5	£ 478 15 0	£ 150 7 6	£ 409 11 11	£ 50

Note—See *Advanced Accounts* Chapter IX for *pro forma* examples of Adjustment Accounts

Dr

REALIZATION ACCOUNT

Cr

19 .	To Sundry Assets	£	s	d	19..	By Cash	£	s	d	£	s	d
		38,000	-	-		Balance, Loss on Realization— Brown's share = $\frac{1}{2}$ of £8 000 Robinson's share = $\frac{1}{2}$ of £8,000	6,000	-	-	30 000	-	-
		£ 38 000	-	-			2,000	-	-	8 000	-	-
										£ 38 000	-	-

Dr

CASH ACCOUNT

Cr

19	To Realization A/c .	£	s	d	19	By Sundry Creditors	£	s	d
		30 000	-	-		Mortgage	9 000	-	-
						Bills Payable	3 000	-	-
						Brown's Capital A/c	1 000	-	-
						Robinson's Cap A/c	9 000	-	-
		£ 30 000	-	-			8 000	-	-
							£ 30 000	-	-

Note -- Brown receives £9 000 = (Capital Balance £15 000 - Share of Loss on Realization Account £6 000).
 Robinson receives £8 000 = (Capital Balance £10 000 - Share of Loss on Realization Account £2 000).

EXERCISE XXI—No 35

JOURNAL OF FREESTONE & CO LTD

19		£	s	d	£	s	d
	Depreciation Account . To Plant Account 10% of £80 000	8 000	-	-	8 000	-	-
	Profit and Loss Account To Depreciation Balance transferred	8 000	-	-	8 000	-	-
	Debenture Interest To Debenture holders Income Tax Half year's Debenture Interest pro- vided 5% of £30 000 for 6 mos less tax @ 10/-	750	-	-	37s 37s	-	-
	Profit and Loss Account To Debenture Interest . Balance transferred	750	-	-	7s0	-	-
		£ 17 500	-	-	17 500	-	-
	Ordinary Share Dividend . To Ordinary Shareholders Income Tax Dividend provided @ 10% less In- come Tax @ 10/-	7 000	-	-	3 500 3 500	-	-
	Profit and Loss Account To Appropriation Account Balance transferred	11 250	-	-	11 250	-	-
	Appropriation Account To Ordinary Share Dividend Balance transferred	7 000	-	-	7 000	-	-
		£ 25 250	-	-	25 250	-	-

CASH BOOK
(CREDIT SIDE)

		Bank		
19	By Ordinary Shareholders	£ 3 500	s	d

EXERCISE XXI—No. 38

THE SYLHET TTA PLANTATIONS LTD

NO 36 THE STATE OF TEXAS
 TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

	£	s	d	£	s	d	£	s	d
To Boxes Purchased	4 400								
By Sales—	9 527			672					
European									
Native									
Crop Expenses				113 927					
Manufacturing Expenses				4 200					
Balance Gross Profit c/d				9 480					
				2 435					
				41 714					
To Rent and Rates									
Machinery Repairs				543					
General Charges				423					
Hospital Expenses				311					
Marine Insurance				1 575					
Fire Insurance				248					
Law Charges				32					
Directors' Fees				350					
London Office Account (Salaries and Expenses)				1 021					
Auditors' Fees				52					
Freight Charges				2 085					
Managers' Commission				1 030					
Calcutta Agency Expenses				1 745					
Bad Debts Reserve (3% of £8 400)				420					
Depreciation—									
Machinery and Plant (10% of £3 700)				370					
Balance Net Profit c/d				11 155					
				21 440					

[illegible]

EXERCISE XXI—No 38 (cont'd)

THE EVERETT TEA PLANTATIONS LTD.

THE BALANCE SHEET AS AT 31st DECEMBER 19.

CAPITAL AND LIABILITIES	£	s	d.
Nominal Capital—			
20,000 Ordinary Shares of £10 each	£200 000	-	-
Issued Capital—			
16,200 Ordinary Shares of £10 each, fully paid	5 000		
Reserve Account:	3 000		
Add Transfer from Profit			
Bank Overdraft			
Bills Payable			
Sundry Creditors			
Profit and Loss Account—			
Balance available for distribution . . .			
	£199 286	-	-
Plantations (Land and Buildings)			
Machinery and Plant			
Less Depreciation			
Stock			
Sundry Debtors			
Less Bad Debts Reserve			
Cash in hand			
	£199 286	-	-

EXERCISE XXI—No. 39

THE EXCELSIOR MANUFACTURING AND TRADING CO. LTD.

Dr
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19

	£	s	d	£	s	d
To Stock 1st Jan	26 100	0	0	10 000	0	0
By Purchases	4 00	10	0	12 700	2	7
Less Returns Outwards						
Manufacturing Wages	10 740	4	3			
Add Contribution due for Insurance	78					
Manufacturing Expenses						
Balance Gross 1st Oct						
	£ 10 818	4	3	£ 64 60	7	1
To Discounts Allowed						
Rates Taxes and Insurance						
Travelers Commission and Expenses						
Bad Debts						
Salaries	1 267	9	6			
Add Contribution due for Insurance	8 13 4					
General Expenses						
Depreciation						
National Health Insurance						
Less Contributions due from—						
Wages	151	13	4			
Salaries	80	13	4			
Directors' Fees (Amount provided)						
Bad Debts Reserve (5% of £28 950/7/2)	1 313	1				
Less Old Reserve	1 030	10	4			
Balance (Net Profit to Appropriation Account)						
	£ 14 143	13	9	£ 14 143	13	9

EXERCISE XXI—No 39 (cont'd)

THE EXCELSIOR MANUFACTURING AND TRADING CO. LTD

BALANCE SHEET AS AT 31ST DECEMBER, 19

[illegible]

EXERCISE XXII—No. 1

STATEMENT OF AFFAIRS OF EXPRESS PARCELS SERVICE LTD AS AT 29TH FEBRUARY 19

		£		s		d		Estimated to Produce	
		£	s	d	£	s	d	£	s
Unsecured Creditors		3 250			6 130			3 000	
Secured Creditors		3 000						500	
Less value of security								3 500	
Expected to rank								810	
Preferential Creditors		80			250				
Deduct per Contra								4 835	
								600	
								300	
								5 735	
								60	
								5 655	
								725	
								6 380	

Dividends on £10 000 7 per cent Preference Shares are in arrear for one year

EXERCISE XXII—No. 2

STATEMENT OF AFFAIRS OF UNSOUND, LTD. AT ...

Gross Liabilities		LIABILITIES		ASSETS	
£	s d	£	s d	£	s d
60,100	-	Unsecured Creditors—		Cash and Hand	
270	-	Trade	19 100	Stock in Trade	2,020
20,500	-	Creditors fully secured	20,500	Estimated to Produce	
		Estimated <i>via</i> use of security	45 600	Plant and Machinery	8 800
		Surplus to Contra	25 100	Estimated to Produce	
		Creditors for items that are preferential		Fixtures and Fittings	750
		deducted contra	710	Estimated to Produce	
710	-			Investments	500
				Estimated to Produce	
				Goodwill	5 000
				Estimated to Produce	
				Block Debts—	
				Good	
				Bad and Doubtful	2,290
				Estimated to Produce	
				Surplus from security in the hands of creditors, fully	
				secured <i>via</i> per contra	
				Ordinary preferential creditors <i>as per contra</i>	
				Deficiency	
280 580	-		£ 59 370		£ 59 370

EXERCISE XXII—No. 3

PRESTON & CO. LIMITED

LIQUIDATOR'S FINAL STATEMENT OF RECEIPTS AND PAYMENTS

RECEIPTS	£	s	d	PAID	£	s	d
Cash at Bank	87			Expenses on Liquidation			
Proceeds of sale of—				Preferred Creditors			
Land and Buildings	2 128			Liquidator's Remuneration—			
Furniture and Plant	1 824			3 per cent on the amount realized	927	1	
Stock in Trade	1 457			2 per cent on amount distributed to unsecured creditors	135	18	3
Book Debts collected	2 186			Unsecured Creditors—First and final dividend of 15s 8 1/2d in the £ to—creditors on their unsecured claims amounting to 18 6 8			
				Balance to Bank of England (Liquidation Account)			
					6 790	14	7
					1	1	2
					17 682		

Should any further information be desired by creditors or contributors I shall be happy to furnish it

Bankruptcy Hall,
London

1st April 19.

G K BUCKNALL 1 C 4

Liquidity

EXERCISE XXII—No 4.

A COMPANY LTD (IN VOLUNTARY LIQUIDATION)
LIQUIDATOR'S FINAL STATEMENT OF RECEIPTS AND PAYMENTS

Receipts	£	s	d	Payments	£	s	d
Cash in hand at beginning of Liquidation	50	-	-	Debentures repaid including six months interest and income tax thereon	10 250	-	-
Proceeds of sale of Company's Stock in Trade	3 600	-	-	Liquidation Expenses	48s	18	9
Proceeds of sale of Company's Plant etc	1 250	-	-	Preferential Creditors	370	-	-
Bank Balances collected	9 850	-	-	Liquidator's Remuneration —			
				3 per cent on £16 800	504	-	-
				2½ per cent on £3 062 10s	128	11	3
				Unsecured Creditors First and Final Dividend of 15s in the £ to — Creditors on their unsecured claims amounting to £8 750	630	11	3
					5 062	10	-
					£16 800	-	-

Should any further information be desired by Creditors or Contributors, I shall be happy to furnish it

21 Walbrook Street,
London, E C 2

5th July, 19..

H L PEARCE,
Incorporated Accountant

Liquidator.

EXERCISE XXII No 5

STATEMENT OF AFFAIRS OF FREDRICK AYLINC AT

£	s	d	LAB LIES	£	s	d	A SITS
1200			Cred. ors hi y sec red				
			Less: mated value of se unit es				
			Suplus to cred. ors par secured				
500			Cred. lons partly se red				
			Less: estimated value of sec t +				
			Expected to rank			100	

EXERCISE XXII — No 6

STATEMENT OF AFFAIRS OF S. BROKE at 1st April 1936

Estimated to Produce	Expected to Rank		Estimated to Produce
	£	\$	
Unsecured Creditors (Creditors Fully Secured)	£ 800	\$ 1,000	£ 800
Estimated Value of Security	800		50
Preferential Creditors deducted contra	200		150
			450
			1,230
			200
			1,030
			1,070
			£2 10G

DEFICIENCY ACCOUNT OF S BROKE

	£	s	d.
Tools or assets over liabilities on 1st April 1945	500	-	-
Net profit from carrying on business from 1st April 1945 to 1st April, 1946	40	-	-
Deficiency as per statement of Affairs	1 070	-	-
	£ 1 910	-	-
Estimated losses on Realization—			
Business Premises	200	-	-
Fixtures and fittings	100	-	-
Stock in Trade	800	-	-
Book Debts	70	-	-
Household and Personal Expenses from 1st April, 1945 to 1st April 1946	1,170	-	-
	740	-	-
	£ 1 910	-	-

EXERCISE XXII—No 7

BALANCE SHEET OF JAMES GIBSON AS AT 1ST JULY 19

LIABILITIES AND CAPITAL		ASSETS	
£	2	£	2
242	2	17	2
1 000		650	
1 750		7 3	
1 009		30 0	
		2 500	
		81 0	
£4 992	2	£4 992	2

STATEMENT OF AFFAIRS OF JAMES GIBSON AS AT 1ST JULY 19

[illegible]

EXERCISE XXII No 8.

STATEMENT OF AFFAIRS OF WILLIAM GIMBLETT AT 15TH JANUARY, 19.

[illegible]

PURCHASE OF 5 PER CENT DEBENTURES ACCOUNT

Cr

Dr	1937 June 1	To Cash— £3 000 at 98 Transfer to Capital Reserve Account of profit on purchase of £3 000 Debentures Cash— £2 000 at 100½	£	s	d	1937 June 1	By Transfer to Debentures Account— Debentures cancelled Transfer to Capital Reserve Account of loss on purchase of £2 000 Debentures	£	s	d
	Sept 1		2 940			Sept 1		3 000		
			60					2 000		
			2 010					10		
			£5 010					£5 010		

CASH BOOK

Cr

Dr	1937 June 1	By Debit res— £3 000 at 98 Transfer to Capital Reserve Account of loss on purchase of £2 000 at 100½	£	s	d
	Sept 1		2 940		
			2 010		

251

5 PER CENT DEBENTURES ACCOUNT

Cr

Dr	1937 June 1	To Purchase of 5 per cent Debentures Account Purchase of 5 per cent Debentures Account	£	s	d	1937 Apr 1	By Balance brought down	£	s	d
	Sept 1		3 000					10 000		
			2 000							

CAPITAL RESERVE ACCOUNT

Cr

Dr	1937 Sept 1	To Purchase of 5 per cent Debentures Account	£	s	d	1937 June 1	By Purchase of 5 per cent Debentures Account	£	s	d
			10					60		

EXERCISE XXII—No. 10

PROFIT AND LOSS ACCOUNT OF BROWN JONES & SMITH FOR THE YEAR ENDED 30TH SEPTEMBER 1997

[illegible]

EXERCISE XXII—No 12

JOURNAL

	£	s	d	£	s	d
Profit and Loss Account To General Reserve Account Transfer of amount to reserve as per resolution dated	15 000	—	—	15 000	—	—
Preference Share Dividend Account To Sundry Preference Shareholders Final dividend of 3 per cent on 250 000 Preference Shares of £1 each declared by resolution dated	7 500	—	—	7 500	—	—
Profit and Loss Account To Preference Share Dividend Account Transfer	7 500	—	—	7 500	—	—
Sundry Preference Shareholders To Income tax Account Transfer of tax on £7 500 dividend at 4s 6d in the £	1 687	10	—	1 687	10	—
Profit and Loss Account To Employees Pension Fund Transfer of amount placed to fund as per resolution dated	10 000	—	—	10 000	—	—
Ordinary Share Account To Sundry Ordinary Shareholders Dividend of 20 per cent free of tax on 400 000 Ordinary Shares of £1 each declared by resolution dated	80 000	—	—	80 000	—	—
Profit and Loss Account To Ordinary Share Dividend Account Transfer	80 000	—	—	80 000	—	—
Bonus Dividend Account To Sundry Ordinary Shareholders Bonus of £1 Share taken at a price of £2 for every 50 shares held on 400 000 Ordinary Shares declared by resolution dated	16 000	—	—	16 000	—	—
Profit and Loss Account To Bonus Dividend Account Transfer	16 000	—	—	16 000	—	—
Sundry Ordinary Shareholders To Ordinary Share Capital Account Ordinary Share Premium Account Issue of 80 000 Bonus Shares of £1 each at a premium of £1 a share	16 000	—	—	8 000 8 000	—	—
	£249 687	10	—	£249 687	10	—

EXERCISE XXII—No 13.

JOURNAL

1936		£	s	d	£	s	d
Mar 10	Cash To Ordinary Share Application Account Being receipt of 5s a share on 10,000 shares due on application	2,500			2,500		
.. 31	Ordinary Share Application Account To Ordinary Share Capital Account Being 5s a share due on application on 10,000 shares	2,500			2,500		
	Ordinary Share Allotment Account To Ordinary Share Capital Account Being 15s a share due on allotment on 10,000 shares	7,500			7,500		
	Cash To Ordinary Share Allotment Account Being receipt of 15s a share on 10,000 shares due on allotment	7,500			7,500		
	Preference Share Capital Account Profit and Loss Account (Premium) To Sundry Members Being transfer of shares now redeemable and premium of 5 per cent thereon as per resolution	20,000			21,000		
	Sundry Members To Cash Being redemption of above shares	21,000			21,000		
	Profit and Loss Account To Capital Redemption Reserve Fund Being transfer of a sum equal to the amount applied out of profits in redeeming shares	10,000			10,000		
		£72,000			£72,000		

EXERCISE XXII—No 14

THE X RAILWAY CO
RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT

TO EXPENDITURE	Amount Expended to 31st December 19—	BY RECEIPTS	Amount Received to 31st December 19—
	£		£
Lines open for Traffic	1 011 010	4 per cent Preference Stock	450 000
Lines in course of Construction	5 000	Ordinary Stock	600 000
Working Stock (Engines Carriages etc.)	115 000	4 per cent Debenture Stock	450 000
		Premiums on Stocks	35 000
Total Capital expended on Railway	1 230 010		
Contributions to Joint Lines	100 000		
Purchase of Grand Canal	30 000		
Total Expenditure	1 360 010		
Balance to General Balance Sheet	74 990		
	£1 435 000	Total Receipts	£1 435 000

GENERAL BALANCE SHEET 31ST DECEMBER 19

	£	s	d		£	s	d
Capital Account Balance at Credit thereof	74 990			Cash at Bank	54 000		
Debts due to other Companies	3 100			General Stores Stocks on Hand	85 860		
Sundry Tradesmen etc.	34 200			Traffic Accounts due to Company	35 600		
Fire Insurance Fund	9 000			Due from other Companies	2 700		
Superannuation Fund	20 000			Sundry Outstanding Accounts	9 700		
Balance to Credit of Net Revenue Account	10 510			Superannuation Fund Investments	20 000		
	£151 800				£151 800		

EXERCISE XXIII—Nos 1-8.

- (1) £20
 (2) £7 10s 4d per cent per annum
 (3) £3 13s 5d
 (4) £3 8s 5d or 3 419 per cent
 (5) £11 9s 6d
 (6) £6 6s 9d
 (7) £14 7s 6d
 (8) £3 16s 6d

EXERCISE XXIII—No 9.

See *Advanced Accounts* Chapter XXIII for Examples

EXERCISE XXIII—No 10

Dr INVESTMENT ACCOUNT Cr

(Annual investment of £250 at Compound Interest [yearly] 2½%)

Year		£	s	d	Year		£	s	d
1	To Cash	250			6	By Balance fwd . .	1630	17	1
	Interest	6	7						
2	To Cash	256	5						
	Interest	250							
		12	13	1					
3	To Cash	518	18	1					
	Interest	253							
		19	4	5					
4	To Cash	788	2	6					
	Interest	250							
		25	19	1					
5	To Cash	1064	1	7					
	Interest	250							
		32	17						
6	To Cash	1346	18	7					
	Interest	250							
		39	18	6					
		£1636	17	1			£1636	17	1

EXERCISE XXIII—No. 11

330 NEW ZFAL AND (1945) STOCK

UNILIST PAYABLE 1ST APR L AND 1ST () 108FR)

6

Date	Particular	Vou n	Interst	Tr e pal	D e	I r t r	Norma	In cre t	Pri nc pal
19 Jun e i	To Cash £5000 a g l + B oker g e m o b o + s mp 48 - Int r s £181	£ 0	£ N	£ m4	19 t i	Bv C u h l y e r s Inter al o £5000 d Le l one Tax @ 5 %	£ 75 18	£ s d s d	£ s d
Apr 3	Profit on Sale of In s			4	9	Crs s above Ca h (as abo e		56 58	
3	Inc s Accto In cr st Accto			4	Air q Air j	C sh r bo r C sh r Sale £4000 / 89 l e s (Expens s b 7 Intere t 9 11 Cash e (2 days l t e s T x Bala e c d	4 100	56 58 56 9 11	3 53 1 1
19 Apr 3	To Balance f	£ 0	£ N	£ m4	j		100	£ 5 1	882 16 6
				£ m4	j		£5000	£ 4 5 19 7	£ 4 5 19 7

Note—The NOMINAL column on credit is left as been used for details re dividends. In practice this would not be done. Exercises 15 and 16 have been similarly treated for purposes of economy.

ARCADIAN GOVERNMENT 5% BONDS

(INTEREST PAYABLE 1ST JANUARY AND 1ST JULY)

C

Dr

	Nominal	Interest	Principal		Nominal	Interest	Principal
19 May 3	£ 2 000	£ 33 8 6	£ 1 869 19 6	19 July 1	£	£ 50	£
To Cash i.e. £2 000 Arcadian Govt Bonds @ 92 + 2/6% Brokerage + 18 Stamp 1st 1/4 of £100)				By Cash i.e. 1 year Interest @ 5% on £2 000			
10 Sept 30		141 0 2	16 1 7	19 July 1	Cash (as above)	50	
Sept 30				Sept 30	Cash (as above)	50	
					£1 200 Bonds @ 98		984 8
					+ Interest £3/10		
					+ Interest £1/4		
				30	Cash i.e. 3 mos Interest on £1 000 @ 5%	24 18 8	
				30	Balance c/o £1 000 Bonds at cost		22 10 5
					Proportion of Int rest £12/9/4)		
Sept 30	£2 000	£174 18 8	£1 896 11 1			£174 18 8	£1 896 11 1
To Balance b/d	1 000		922 10 5				

EXERCISE XXIII—No. 16

BLANK PRIMER STOCK

407

(DIVIDENDS PAYABLE 31st MARCH 30th JUNE 30th SEPTEMBER 31st DECEMBER)

5

[illegible]

Notes in this and some other examination procedure only a different rate on the work done by the student

PARTICULARS RE SALES

	£	s	d	£	s	d	£	s	d	as per contra
A Sale of £6 000 Stock @ 92 =										
Less Expenses	2	14	-	5,520						
" Brokerage @ 1%	7	10	-							
" Dividend @ 4% for										
2 mos on £6 000	37	13	4	47	17	4				
							£5 472	2	8	as per contra
B Sale of £6 000 Stock @ 91										
Less Expenses	2	14	-	5,460						
" Brokerage @ 1%	7	10	-							
							£5 449	16	-	as per contra

THE BROKER'S LEDGER

7

SNOWFLAKE PHILLIP

Gr.

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050
30	11	150
30	38	15
	22	960

19	s	d
July 16	7	012
21	4	497
23	11	110
23	56	5
30	283	15
	22	960
July 10	7	050

See *Advanced Accounts*, pages 1044 (under 'Tabular System of Book keeping) and 1046-7 (specimen of Visitors' Ledger).

EXERCISE XXIII—No 20

See *Advanced Accounts* page 1048 for specimen

EXERCISE XXIII—No 21

Specimen of Rates Ledger for a Water Co is appended—

District *L* Period *Quarter ending 25th March 19*
 Name of Road or Street *Martin Street* Date for Payment *25th April 19*
 Name of District Collector *J Phillips*

No of House	Name of Resident	Rental Assess- ment	Per centage Charged	SPECIAL SUPPLIES FOR		Amount of Tax	Date of pay- ment	Amount Paid	Arrears	Paid Debits	Remarks
				Bath rooms	W.C.s	Horses					
75	Johnson J M Happes, Abc.	£ 100 100	8% 8%	4 4	2 2	— —	Apr 12 13	£ 7 5	£ 3 —	£ 3 —	Remove!— cannot trace

EXERCISE XXIII No 22

TABULAR DAY (OR INVOICE) BOOK FOR HOTTE

Date	Name	Led Fol	To a	Prov s ons	Groce es	Ac B r ad Meas	W n am L q u	C a for a c	to a i x t am f t ms	Ho se B l and T ble l en	Cutlery (las an) l at	Sumd e
12 June 23	Dawson F	7	17									
24	Buck al G	8	11									
25	Some s l	9	14	10	7 6	3 9 4						11

EXERCISE XXIII—No. 23

JOURNAL OF Z

1937			£	s	d	£	s	d
Dec 31 (a)	Preference Share Dividend A/c	Dr	1 275	-	-			
	To Preference Shareholders					956	5	-
	, Income Tax @ 5s ¹					318	15	-
„ 31	Profit and Loss Appropriation Ac	Dr	1,275	-	-	1,275	-	-
	count	Dr						
	To Preference Share Dividend							
„ 31 (b)	Ordinary Share Dividend A/c	Dr	5,000	-	-			
	Bonus Account	Dr	1,000	-	-	6 000	-	-
	To Ordinary Shareholders							
„ 31	Profit and Loss Appropriation Ac	Dr	6,000	-	-	5 000	-	-
	count	Dr				1,000	-	-
	To Ordinary Share Dividend							
	Bonus Account							
„ 31 (c)	Profit and Loss Appropriation Ac	Dr	5,000	-	-	5 000	-	-
	count	Dr						
	To General Reserve Account							
„ 31 (d)	General Reserve Account	Dr	20 000	-	-	20 000	-	-
	To Bonus Account							
	Bonus Account	Dr	20 000	-	-	20 000	-	-
	To Ordinary Share Capital A/c							

¹ The matter of Income Tax, though not in the question has been raised as a matter of course at an assumed rate only

EXERCISE XXIII—No. 24

(a) The three ways by means of which Debentures may be redeemed are—

(1) Out of Profits (2) out of Capital and (3) by means of a Sinking Fund (See *Advanced Accounts* page 686 *et seq*)

(b) The circumstances under which Bonus Shares would be issued are two-fold, namely—

(1) When a company has accumulated large Reserves out of profits, and (2) when successful trading causes the shares of such companies to be "above par," or at a premium (see *Advanced Accounts*, page 714 for example of issue of Bonus Shares).

[illegible]

D.	A s CAPITAL ACCOUNT	C.
19..	To Share of C's Over-drawn A/c, £ . Cash	By Balance
	£ 510 8 4 1,989 11 8 <u>£2 500 - -</u>	£ 2,500 - - <u>£2,500 - -</u>

B's CAPITAL ACCOUNT

Dr		Cr	
19	To Share of C's Overdrawn A/c ½ Cash	19	By Balance
	£ s d		£ s d
	306 5		1 500 -
	1 193 15		
	£1 500		£1 500

C's CAPITAL OVERDRAWN ACCOUNT

Dr		Cr	
19	To Balance Share of Deficiency	19	By Cash Balance A ½ B ½
	£ s d		£ s d
	500		510 8 4
	566 13 4		306 5
	£1 066 13 4		816 13 4
			£1 066 13 4

FINAL STATEMENT

Amount due to Partners in respect of Capital—

A ½ of £3 183½

Less Contribution 1 e Share of Deficiency

B ½ of £3 183½

Less Contribution 1 e Share of Deficiency

£ s d	£ s d
1 089 11 8	
566 13 4	1 455 19 4
1 193 15	
566 13 4	627 1 8
	£0 050 -

EXERCISE XXIII—No 27

JOURNAL
OPENING ENTRIES

19			£	s	d	£	s	d
Jan 1	Cash in hand		50	-	-			
	at Bank		500	-	-			
	Port Wine (5 pipes @ £60 a pipe)		300	-	-			
	Sherry (5 butts @ £50 a butt) .		250	-	-			
	H. Johnson		50	-	-			
	Bills Receivable		250	-	-			
	Office Furniture		100	-	-			
	To A. Robinson					90	-	-
	.. W. Walters					60	-	-
	.. Bill Payable					50	-	-
	(A. Robinson due 6th Jan.)							
	.. W. Brown (vendor)					1 300	-	-
			£1 500	-	-	£1 500	-	-

JOURNAL ENTRIES

19			£	s	d	£	s	d
Jan 1	W. Brown (vendor)		800	-	-	800	-	-
	To Share Capital Account							
	For issue of vendor of 800 shares of £1 each as fully paid in part payment of purchase price of business							
1	Sundry Shareholders		1 700	-	-	1 700	-	-
	To Share Capital Account							
	For issue of balance of shares, i.e. 1 700 shares of £1 each							
			£2 500	-	-	£2 500	-	-

CASH BOOK
(DEBIT SIDE)

			(DEBIT SIDE)	Cash			Bank		
19				£	s	d	£	s	d
Jan	1	To Balance		50	-	-	500	-	-
"	1	„ Sundry Shareholders	:				1 700	-	-
				£50	-	-	£2 200	-	-

(CREDIT SIDE)

			(CREDIT SIDE)			Cash			Bank		
19						£	s	d	£	s	d
Jan	1	By W Brown (vendor)	.	.					500	-	-
	1	.. Balance c/d	.	.	.	50	-	-	1,700	-	-
						£50	-	-	£2 200	-	-

EXERCISE XXIII—No 28

JOURNAL

		£	s	d	£	s	d
19 Jan	Application Account	20 000					
	Allotment Account	40 000					
	To Share Capital Account				60 000		
	For issue of 20 000 shares upon which £1 per share on application and £2 per share on allotment has been made						
Apr	First Call Account	60 000					
	To Share Capital Account				60 000		
	For £3 per share on 20 000 shares						
June	Second Call Account	60 000					
	To Share Capital Account				60 000		
	For £3 per share on 20 000 shares						
	Business Purchase Account	180 000			180 000		
	To Messrs Wilson & Co (vendors)	125 000			125 000		
	For purchase of Gladsdale Iron Works from vendors as per agreement						
	Messrs Wilson & Co (vendors)	25 000			25 000		
	To Share Capital Account						
	For issue to vendors of 2 500 shares of £10 each as fully paid being part payment of purchase price of business						
		£330 000			£330 000		

TRIAL BALANCE

	£	s	d	£	s	d
Business Purchase Account	125 000					
<i>Calls in Arrears—</i>						
1st Call Account	15 000					
2nd Call Account	£12 500					
	17 500					
Cash at Bank	67 500					
Share Capital				205 000		
	£205 000			£205 000		

EXERCISE XXIII—No. 28 (contd)

CASH BOOK
(DEBIT SIDE)

			Bank		
		£	s	d	
19 Jan	To Application and Allotment A/c				£ 60 000
Apr	.. First Call Account				55,000
June	.. Second Call Account				47 500
					<u>£162 500</u>

(CREDIT SIDE)

			Bank		
		£	s	d	
19 June	By Messrs Wilson & Co (vendors)				£ 100 000
.. ..	.. Balance c/d				62,500
					<u>£162,500</u>

Dr APPLICATION AND ALLOTMENT ACCOUNT (SHARES)

Cr

19 Jan	To Share Capital	£ 60 000	s	d	19 Jan	By Cash	£ 60 000	s	d

Dr FIRST CALL ACCOUNT (SHARES)

Cr

19 Apr	To Share Capital	£ 60 000	s	d	19 Apr	By Cash	£ 55 000	s	d
							5 000		
		<u>£60 000</u>					<u>£60 000</u>		

Dr SECOND CALL ACCOUNT (SHARES)

Cr

19 June	To Share Capital	£ 60 000	s	d	19 June	By Cash	£ 47,500	s	d
							12 500		
		<u>£60,000</u>					<u>£60 000</u>		
		To Balance b/d	12,500						

EXERCISE XXIII—No 29

JOURNAL OF MESSRS BLACK & TAN LTD

19 Jan		£	s	d	£	s	d
	Sundry Shareholders To Ordinary Share Capital	75,000	-	-	75,000	-	-
	Sundry Shareholders To Preference Share Capital	100,000	-	-	100,000	-	-
	Business Purchase Account To Vendor's Account For part value of business purchased	50,000	-	-	50,000	-	-
	Vendor's Account To Ordinary Share Capital For issue to vendor of 10,000 shares of £5 each as part pay- ment of purchase price of busi- ness	50,000	-	-	50,000	-	-
	Ordinary Share Capital To Forfeited Shares Account Unpaid Calls	2,500	-	-	1,500	-	-
					1,000	-	-
	Debenture Holders To Debentures	100,000	-	-	100,000	-	-
		£377,500	-	-	£377,500	-	-

CASH BOOK
(DEBIT SIDE)

19 Jan		£	s	d
	To Sundry Shareholders (Ordinary Shares)	75,000	-	-
	Sundry Shareholders (Preference Shares)	100,000	-	-
	Debenture Holders	100,000	-	-
		£274,000	-	-

EXERCISE XXIII No 29 (cont.)

MESSRS BLACK & TAN LTD
BALANCE SHEET AS AT JANUARY 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
	£	£	£
<i>Nominal Capital—</i>			
20 000 6% Preference Shares of £5 each	100 000		50 000
30 000 Ordinary Shares of £5 each	150 000		274 000
	£250 000		
<i>Issued Capital—</i>			
20 000 6% Preference Shares of £5 each fully paid	100 000		
24 500 Ordinary Shares of £5 each fully paid	122 500		
4% Debentures—			
1 000 Bonds of £100 each	100 000		
Forfeited Shares	1 500		
	£224 000		£124 000

EXERCISE XXIII—No 30

THE STATUTORY AND STATISTICAL BOOKS

(Incorporated under the

APPLICATION AND ALLOT

No of Application	Date of Application	NAME	ADDRESS	Occupation	No of Shares Applied for	Amount Paid on Application
1	19 Feb '16	Smith, T	12 Brooke Street, Lyndhurst	Surveyor	1 200	£ 1,800
2	17	Finch, T F	64 Fleet Street London E C	Journalist	600	900
3	18	Strong P	17 Thornville Road Buxton	Architect	1 000	1 500
4	18	Carter G M	2 Boulders Lane, Cleethorpes	Spinner	600	900
5	18	Turner R	56 Longworth Road Thurston	Merchant	1 200	1 800
6	19	Brown A	95 St Peter's Road Somerset	Broker	1 000	1 500
7	19	Trelwyn N	110 Lime Street, Liverpool	Mason	1 500	2 250
8	20	Phillipott L	14 Larnewa Avenue Buxton	Butcher	600	900
9	20	French, H	106 Cornergate Lane Leicester	Designer	1 200	1 800
10	21	Smith, A	2 Grange Mansions, Pudworth	Banker	2 500	3 750
					11 400	17,100

SHAREHOLDERS' CASH

Date	Receipts	For	Amount	Date	Payments	For	Amount
19 Feb '16	To Application A c—		£ 17,100	19 Feb '16	By Balance b/d		£ 17,100
18	Smith T	1 800	-				
17	Finch, T F	900	-				
18	Strong P	1 500	-				
18	Carter, G M	900	-				
18	Turner R	1 800	-				
19	Brown, A	1 500	-				
19	Trelwyn N	2 250	-				
20	Phillipott L	900	-				
20	French H	1 800	-				
21	Smith A	3 750	-				
			£ 17,100				£ 17,100

THE BRITISH TIMBER SYNDICATE LTD

Companies Act 1929)

NTS BOOK (PREFERENCE SHARES)

of ex ot 1	Dis c t i v e Numbers		S L Fo	A m o u n t D u e o n A p p r o p r i a t i o n A l l o t m e n t		B a l a n c e D u e o n A l l o t m e n t	A m o u n t P a i d o n A l l o t m e n t		C a s h L e t t e r s	N o o f S h a r e C e r t i f i c a t e	R e m a i n
	From	To									
00	1	1000		£	s	d	1	00			
00	1001	1000		1	00		1	00			
00	1001	2000		1	00		1	00			
00	2001	3000		1	00		1	00			
00	3001	4000		1	00		1	00			
00	4001	5000		1	00		1	00			
00	5001	6000		1	00		1	00			
00	6001	7000		1	00		1	00			
00	7001	8000		1	00		1	00			
00	8001	9000		1	00		1	00			
00				£	30	00	12	00			

BOOK (PREFERENCE SHARES)

Date	Rece pts.	For	A m o u n t	Date	Pay m e n t s.	For	A m o u n t
9 b 21 23	To Balance b/f Allotment A/c— Scribers F Fench Thorpe E Strong P Carter G M Turpin R Bourne A Telford N Phillips L Frederick H Smith A		£ 17 100 1 00 6 0 1 00 6 00 1 00 1 00 2 0 600 1 200 2 250 £ 30 000	19 Feb 23	By transfer to Gen eral Cash Book		£ 40 000 30 000

Number of }
Certificate }

THE COMPANIES ACT 1909
RETURN OF ALLOTMENTS
OF THE
BRITISH TIMBER SYNDICATE, LTD

A Company's
Fee Stamp of
5s
must be
impressed here.

made 23rd day of February, 19 .

Number of the PREFERENCE Shares allotted payable in Cash	10,000
Nominal Amount of the PREFERENCE Shares so allotted	£100,000
Amount paid or due and payable on each such PREFERENCE Share	£10
Number of Shares allotted for a consideration other than Cash	10,000
Nominal Amount of the Shares so allotted	£100,000
Amount to be treated as paid on each such Share	£10

The Consideration for which such Shares have been allotted is as follows—

Part Payment of the purchase price to acquire the business of Messrs Poole & Co (vendors)

NAMES, ADDRESSES AND DESCRIPTIONS OF THE ALLOTTEES IN THE BRITISH TIMBER SYNDICATE LIMITED

SURNAME	CHRISTIAN NAME(S)	ADDRESS	Description	Number of Shares Allotted		
				Preference	Ordinary	Deferred
Smith	Ired	12 Brooke Street, Lyndhurst	Surveyor	1 000		
Finch	Thomas F	64 Fleet Street, London E.C.	Journalist	500		
Strong	Phillip	17 Thorndike Road, Buxton	Architect	1 000		
Carter	Grace M	7 Bankers Lane, Cleethorpes	Spinster	500		
Turner	Reginald	6 Longworth Road, Thurston	Merchant	1 000		
Brown	Arthur	95 St. Peter's Road, Somerset	Broker	1 000		
Irelwyn	Norman	110 Lime Street, Liverpool	Mason	1 500		
Philpott	Leslie	14 Larneway Avenue, Buxton	Butcher	500		
French	Harold	106 Corncliffe Lane, Leicester	Designer	1 000		
Smith	Alfred	2 Grange Mansions, Pudworth	Banker	000		
Foote & Co. (vendors)					10 000	
				10 000	10 000	

CALL BOOK

First Call of £3 per Share made

S L Folio	NAME	ADDRESS.	No of Shares Held
	Smith, F	12 Brooke Street, Lyndhurst	1,000
	Finch, Thos E	64 Fleet Street, London, E C	500
	Strong, P	17 Thornville Road, Buxton	1 000
	Carter, G M	2 Boulders Lane, Cleethorpes	500
	Turner, R	56 Longworth Road, Thurston	1 000
	Brown, A	95 St Peter's Road, Somerset	1,000
	Trelwyn, N	110 Lime Street, Liverpool	1,500
	Philpott L	14 Larneway Avenue, Buxton	500
	French H	103 Corncrake Lane, Leicester	1 000
	Smith, A	2 Grange Mansions, Pudworth	2 000
			10 000

CALL BOOK

Second Call of £2 per Share made

S L Folio	NAME	ADDRESS	No of Shares Held
	Smith, F	12 Brooke Street Lyndhurst	1 000
	Finch, T E	64 Fleet Street London, E C	500
	Strong P	17 Thornville Road, Buxton	1 000
	Carter G M	2 Boulders Lane, Cleethorpes	500
	Turner, R	56 Longworth Road, Thurston	1 000
	Brown A	95 St Peter's Road, Somerset	1 000
	Trelwyn N	110 Lime Street, Liverpool	1 500
	Philpott L	14 Larneway Avenue, Buxton	500
	French, H	103 Corncrake Lane, Leicester	1 000
	Smith, A	2 Grange Mansions, Pudworth	2 000
			10 000

(PREFERENCE SHARES)

April 1st and payable on same date

Amount Due			Amount Paid			ARREARS			Calls Paid in Advance			Remarks
						Amount	Days	Interest				
£	s	d	£	s	d							
3 000	-		3 000	-								
1 500	-		1 500	-								
3 000	-		3 000	-								
1 500	-		1 500	-								
3 000	-		3 0 0	-								
3 000	-		3 000	-								
4 500	-		4 500	-								
1 500	-		1 500	-								
3 000	-		3 000	-								
6 000	-		6 000	-								
30 000	-		30 000	-								

(PREFERENCE SHARES)

June 1st and payable on same date

Amount Due			Amount Paid			ARREARS			Calls Paid in Advance			Remarks
						Amount	Days	Interest				
£	s	d	£	s	d							
2 000	-		2 000	-								
1 000	-		1 000	-								
2 000	-		2 000	-								
1 000	-		1 000	-								
2 000	-		2 000	-								
2 000	-		2 000	-								
3 000	-		3 000	-								
1 000	-		1 000	-								
2 000	-		2 000	-								
4 000	-		4 000	-								
20 000	-		20 000	-								

CALL BOOK

(Final Call of £2 per Share made

S L Folio	NAME.	ADDRESS.	No of Shares Held
	Smith, F	12 Brooke Street, Lyndhurst	1 000
	Finch T L	64 Fleet Street, London, E C.	500
	Strong P	17 Thornville Road, Buxton	1 000
	Carter G M	2 Boulders Lane Cleethorpes	500
	Turner R	56 Longworth Road, Thurston	1 000
	Brown, A	95 St Peter's Road, Somerset	1 000
	Trelwyn N	110 Lime Street, Liverpool	1 500
	Philpott L	14 Larnway Avenue, Buxton	500
	French H	106 Corncrake Lane, Leicester	1 000
	Smith, A	2 Grange Mansions, Pudworth	2 000
			10 000

Dr

SHAREHOLDERS CASH

S L Folio	RECEIPTS	1st Call April 1st	2nd Call June 1st	Final Call Aug 1st	Total
	To Smith F	£ 3 000	£ 2 000	£ 2 000	£ 7 000
	Finch T L	1 500	1 000	1 000	3 500
	Strong P	3 000	2 000	2 000	7 000
	Carter G M	1 500	1 000	1 000	3 500
	Turner R	3 000	2 000	2 000	7 000
	Brown A	3 000	2 000	1 000	6 000
	Trelwyn N	4 500	3 000	3 000	10 500
	Philpott L	1 500	1 000	1 000	3 500
	French, H	3 000	2 000	2 000	7 000
	Smith, A	6 000	4 000	4 000	14 000
		£ 30 000	20 000	19 000	69 000
Aug 10	To Brown A (arrears in- cluding Int.)				1,004 2 2

REGISTER OF TRANS

No of Trans fer	Date Trans fer Regis tered	TRANSFEROR S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1	19 Mar 10	}	Poole & Co (vendors)			}	Laurel F Tomlin, P Charlton L. Dalton C Soames, K
2	Mar 22						
3	May 24						
4	June 23						
5	Sept 19						

REGISTER OF TRANS

No of Trans fer	Date Trans fer Regis tered	TRANSFEROR S				S L Fo	NAME
		S L Fo	NAME	ADDRESS	Occupation		
1	19 Mar 25		Smith, F	12 Brooke Street, Lyndhurst	Surveyor		Finch T E
2	Apr 20		Philpott L.	14 Larnsey Avenue Buxton	Butcher		French M
3	May 16		Smith A	2 Grange Mansions, Pudworth	Banker		Finch T
4	July 16		Trelwyn, N	110 Lime Street Liverpool	Mason		Turner, R
5	Aug 20		Strong P	17 Thornville Road, Buxton	Architect		French M

FFRS (ORDINARY SHARES)

TRANSFERREES		SHARES TRANSFERRED					No of New Certificate	Remarks
ADDRESS	Occupation	No of Shares	Distinctive Numbers		Amount Paid up			
			From	To				
16 Penzance Road Falmouth	Mason	1 000	10 001	11 000	£ 10 000	s -	d -	
27 Elgin Avenue Somerset	Grocer	1 000	11 001	12 000	10 000	-	-	
3 Lothbury Mans ons Poole	Banker	1 000	12 001	13 000	10 000	-	-	
64 Roseberry Avenue Paignton	Builder	500	13 001	13 500	5 000	-	-	
17 Lionel Gardens Brom ex	Gentleman	500	13 501	14 000	5 000	-	-	

FERS (PREFERENCE SHARES)

TRANSFERREES		SHARES TRANSFERRED					No of New Certificate	Remarks	
Address	Occupation	No of Shares	Distinctive Numbers		Amount Paid up				
			From	To					
64 Fleet Street London E C	Journalist	100	1	100	£	s	d		
106 Corncrake Lane Leicester	Designer	500	6 501	7 000	5 000	-	-		
64 Fleet Street London E C	Journalist	1 000	8 001	9 000	10 000	-	-		
55 Longworth Road Thurston	Merchant	500	5 001	5 500	5 000	-	-		
106 Corncrake Lane Leicester	Designer	500	1 501	2 000	5 000	-	-		

REGISTER OF MEMBERS AND

Name *Poole & Co (Vendors)* Occupation
Address

Dr CASH ACCOUNT *Cr*

Date	Particulars	Fo	Amount Called up per Share	Total Amount Called up	Date	Particulars	Fo	Total Amount Paid up
19 Feb 23	To Share Capital		£ 100 000 s d		19	Issued as fully paid		£ 100 000 s d

Name *Lauvel, Francis* Occupation *Mason*
Address *16 Penzance Road, Falmouth*

Name *Tomlin, Bert* Occupation *Grocer*
Address *27 Elgin Avenue Somerset*

Name *Charlton, Leslie* Occupation *Banker*
Address *3 Lothbury Mansions Poole*

Name *Dalton Charles* Occupation *Builder*
Address *64 Roseberry Avenue, Paignton*

Name *Sornes Robert* Occupation *Gentleman*
Address *17 Lionel Gardens Bromley*

SHARE LEDGER (ORDINARY SHARES)

Date entered as a Member

February 23rd 19

Date ceased as a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Am. Pa
			From	To					From	To			
19 Feb 23		10 000	10 001	10 000		19					£ s d	10 000	100 0
						Mar 10		1 000	10 001	11 000	10 000	9 000	90 0
						22		1 000	11 001	12 000	10 000	8 000	80 0
						May 24		1 000	12 001	13 000	10 000	7 000	70 0
						June 23		500	13 001	13 500	5 000	6 500	65 0
						Sept 19		500	13 501	14 000	5 000	6 000	60 0

Date entered as a Member

March 10th 19

Date ceased as a Member

19 Mar 10		1 000	10 001	11 000	10 £ 000	s d						1 000	10 0
-----------	--	-------	--------	--------	----------	-----	--	--	--	--	--	-------	------

Date entered as a Member

March 22nd 19

Date ceased as a Member

19 Mar 22		1 000	11 001	12 000	10 £ 000	s d						1 000	10 0
-----------	--	-------	--------	--------	----------	-----	--	--	--	--	--	-------	------

Date entered as a Member

May 24th 19

Date ceased as a Member

19 May 24		1 000	12 001	13 000								1 000	10 0
-----------	--	-------	--------	--------	--	--	--	--	--	--	--	-------	------

Date entered as a Member

June 23rd 19

Date ceased as a Member

19 June 23		500	13 001	13 500	5 £ 000	s d						500	5 0
------------	--	-----	--------	--------	---------	-----	--	--	--	--	--	-----	-----

Date entered as a Member

September 19th 19

Date ceased as a Member

19 Sept 19		500	13 501	14 000	5 £ 000	s d						500	5 0
------------	--	-----	--------	--------	---------	-----	--	--	--	--	--	-----	-----

REGISTER OF MEMBERS

Name *Smith, Fred* . Occupation *Surveyor*
 Address . *12 Brooke Street, Lyndhurst*

Dr.			CASH ACCOUNT						Cr.					
Date	Particulars.	Fo.	Amount Called up per Share			Total Amount Called up			Date	Particulars.	Fo.	Total Amount Paid up		
			£	s	d	£	s	d				£	s	d
19 Feb 23	To Application and Allotment		3	-	-	3 000	-	-	19 Feb 16	By Cash . .		1,500	-	-
						3 000	-	-	" 23	" Cash . .		1 200	-	-
												3 000	-	-
Apr 1	To First Call		3	-	-	3 000	-	-	Apr 1	By Cash . .		3 000	-	-
June 1	" Second Call.		2	-	-	2 000	-	-	June 1	" Cash . .		2 000	-	-
Aug 1	" Final Call		2	-	-	2 000	-	-	Aug 1	" Cash		2,000	-	-

Name *Fitch, Thomas E* . Occupation *Journalist*
 Address *64 Fleet Street, London, E.C*

			£	s	d				£	s	d
19 Feb 23	To Application and Allotment		3	-	-	19 Feb 17	By Cash . .		900	-	-
						" 23	" Cash . .		600	-	-
									£1,500	-	-
Apr 1	To First Call . .		3	-	-	Apr 1	By Cash . .		£1,500	-	-
June 1	" Second Call		2	-	-	June 1	" Cash . .		£1,000	-	-
Aug 1	" Final Call		2	-	-	Aug 1	" Cash . .		£1,000	-	-

Name *Strong Philip* . Occupation *Architect*
 Address *17 Thornville Road, Buxton*

			£	s	d				£	s	d
19 Feb 23	To Application and Allotment		3	-	-	19 Feb 18	By Cash . .		1,500	-	-
						" 23	" Cash . .		1,500	-	-
									£3,000	-	-
Apr 1	To First Call . .		3	-	-	Apr 1	By Cash . .		£3,000	-	-
June 1	" Second Call . .		2	-	-	June 1	" Cash . .		£2,000	-	-
Aug 1	" Final Call		2	-	-	Aug 1	" Cash . .		£2,000	-	-

AND SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member

February 23rd 19

Date ceased as a Member

SHARES ACCOUNT

S H A R E S A C Q U I R E D					S H A R E S T R A N S F E R R E D					B A L A N C E			
D a t e	F o r	N o o f S h a r e s	D i s t r i b u t i v e N u m b e r s		A m o u n t P a i d u p	D a t e	F o r	N o o f S h a r e s	D i s t r i b u t i v e N u m b e r s		A m o u n t P a i d u p	N o o f S h a r e s	A m o u n t P a i d u p
			F r o m	T o					F r o m	T o			
19 Feb 23		1 000	1	1 000							£ s d	1 000	£ s d
												1 000	3 000
												1 000	6 000
												1 000	8 000
												1 000	10 000
						19 Mar 23		100	1	100	1 000	900	9 000

Date entered as a Member

February 23rd 19

Date ceased as a Member

19 Feb 23		400	1 001	1 400	£	s d						£	s d
Mar 23		100	1	100	1 000							500	1 500
May 16		1 000	8 001	9 000	10 000							500	3 000
												500	4 000
												500	5 000
												600	6 000
												1 600	16 000

Date entered as a Member

February 23rd 19

Date ceased as a Member

19 Feb 23		1 401	2 500								£	s d		£	s d
													1 000	3 000	
													1 000	6 000	
													1 000	8 000	
													1 000	11 000	
						19 Aug 23	500	1 501	2 000	3 000			500	5 000	

REGISTER OF MEMBERS AND

Name, ... *Carter, Grace M* ... Occupation ... *Spinster*Address, ... *2 Boulders Lane, Cleethorpes* ...

Dr

CASH ACCOUNT

Cr

Date	Particulars	£	s	d	£	s	d	Date	Particulars	£	s	d
19 Feb 23	To Application and Allotment	3	-	-	1,500	-	-	19 Feb 23	By Cash	1,500	-	-
									" Cash	600	-	-
					£1,500	-	-			£1,500	-	-
Apr 1	To First Call	3	-	-	£1,500	-	-	Apr 1	By Cash	£1,500	-	-
June 1	" Second Call	2	-	-	£1,000	-	-	June 1	" Cash	£1,000	-	-
Aug 1	" Final Call	2	-	-	£1,000	-	-	Aug 1	Cash	£1,000	-	-

Name *Turner, Reginald*

Occupation

*Merchant*Address *56 Longworth Road, Thurston*

Date	Particulars	£	s	d	£	s	d	Date	Particulars	£	s	d
19 Feb 23	To Application and Allotment	3	-	-	3,000	-	-	19 Feb 23	By Cash	1,800	-	-
									" Cash	1,200	-	-
					£3,000	-	-			£3,000	-	-
Apr 1	To First Call	3	-	-	£3,000	-	-	Apr 1	By Cash	£3,000	-	-
June 1	" Second Call	2	-	-	£2,000	-	-	June 1	" Cash	£2,000	-	-
Aug 1	" Final Call	2	-	-	£2,000	-	-	Aug 1	Cash	£2,000	-	-

Name *Brown, Arthur*

Occupation

*Broker*Address *95 St Peter's Road Somerset*

Date	Particulars	£	s	d	£	s	d	Date	Particulars	£	s	d
19 Feb 23	To Application and Allotment	3	-	-	3,000	-	-	19 Feb 23	By Cash	1,500	-	-
									" Cash	1,500	-	-
					£3,000	-	-			£3,000	-	-
Apr 1	To First Call	3	-	-	£3,000	-	-	Apr 1	By Cash	£3,000	-	-
June 1	" Second Call	2	-	-	£2,000	-	-	June 1	" Cash	£2,000	-	-
Aug 1	" Final Call	2	-	-	£2,000	-	-	Aug 1	" Cash	1,000	-	-
	" Interest				4	2	2	" 10	" Cash (incl Int.)	1,004	2	2
					£2,004	2	2			£2,004	2	2

Date ceased as a Member

[illegible]

Date ceased as a Member

	19				£	s	d					£	s	d
Feb 23		1 000	3 001	4 000								1 000	3 000	
July 16		500	5 001	5 500	5 000							1 000	6 000	
												1 000	8 000	
												1 000	10 000	
												1 500	15 000	

Date ceased as a Member

[illegible]

REGISTER OF MEMBERS AND

Name . *Trelwyn, Norman* Occupation . . *Mason* . .

Address *110 Lime Street, Liverpool*

Dr. CASH ACCOUNT *Cr*

Date	Particulars.	Fo	Amount Called up per Share	Total Amount Called up	Date	Particulars.	Fo	Total Amount Paid up
19 Feb 23	To Application and Allotment		£ s d	£ s d	19 Feb 23	By Cash . .		£ s d
		3	-	4,500	" 23	" Cash . .		2,250
				£4,500				£4,500
Apr. 1	To First Call .	3	-	£4,500	Apr. 1	By Cash . . .		£4,500
June 1	" Second Call	2	-	£3 000	June 1	" Cash . .		£3 000
Aug 1	" Final Call .	2	-	£3 000	Aug 1	" Cash . .		£3 000

Name *Philpott, Leslie* Occupation . . *Butcher* . .

Address *14 Larneway Avenue, Buxton*

19 Feb 23	To Application and Allotment		£ s d	£ s d	19 Feb 23	By Cash . .		£ s d
		3	-	1,500	" 23	" Cash . . .		900
				£1,500				£1,400
Apr. 1	To First Call .	3	-	£1,500	Apr. 1	By Cash . . .		£1,500
June 1	" Second Call	2	-	£1 000	June 1	" Cash . .		£1 000
Aug 1	" Final Call	2	-	£1,000	Aug 1	" Cash . .		£1 000

Name *French, Harold* Occupation . . . *Designer*

Address *106 Corncrake Lane, Leicester*

19 Feb. 23	To Application and Allotment		£ s d	£ s d	19 Feb. 23	By Cash . .		£ s d
		3	-	1 000	" 23	" Cash . . .		1 800
				£3 000				£3 000
Apr. 1	To First Call .	3	-	£3 000	Apr. 1	By Cash . . .		£3 000
June 1	" Second Call .	2	-	£2 000	June 1	" Cash . .		£2 000
Aug 1	" Final Call	2	-	£2 000	Aug 1	" Cash . .		£2 000

REGISTER OF MEMBERS AND

Name *Smith, Alfred* . Occupation *Banker*
 Address *2 Grange Mansions, Putworth*

Dr

CASH ACCOUNT

Cr

Date	Particulars	£	s	d	Amount Called up per Share	Total Amount Called up	Date	Particulars	£	s	d	Total Amount Paid up
19 Feb 23	To Application and Allotment	3	-	-	6 000	-	19 Feb 23	By Cash . .	3 750	-	-	-
					£6 000	-		" Cash . .	2 250	-	-	-
					£6 000	-			£6 000	-	-	-
Apr 1	To First Call .	3	-	-	£6 000	-	Apr 1	By Cash . .	£6 000	-	-	-
June 1	" Second Call	2	-	-	£4,000	-	June 1	" Cash . .	£4 000	-	-	-
Aug 1	Final Call	2	-	-	£4 000	-	Aug 1	Cash	£4 000	-	-	-

 NAMES ETC OF THE DIRECTORS OF
 on the fourteenth

The present Christian Name or Names and Surname	Any former Christian Name or Names or Surname
Smith, Alfred, <i>Managing Director</i> .	
Trelwyn, Norman	
Strong Philip	
Soames, Robert, <i>Chairman of Directors</i> .	
Smith, Fred	

SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member *February 23rd 19*

Date ceased as a Member

SHARES ACCOUNT

SHARES ACQUIRED					SHARES TRANSFERRED					BALANCE			
Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	Date	Fo	No of Shares	Distinctive Numbers		Amount Paid up	No of Shares	Amount Paid up
			From	To					From	To			
19 Feb '03		1000	8001	10000							£	s	d
												2 000	6 000
												2 000	12 000
												000	16 000
												2 000	20 000
						19 May 16		1000	8001	9000	10 000	1 000	10 000

THE BRITISH TIMBER SYNDICATE LIMITED

day of March 19

Nationality	Nationality of Origin (if other than the present Nationality)	Usual Residence	Other business occupations, if any (including Directorships in other Companies) (If none state so)
British		2 Grange Mansions Pudworth	Banker
British		110 Lime Street Liverpool	Mason
British		17 Thornville Road Buxton	Architect
British		17 Lionel Gardens Bromley	Gentleman
British		12 Brooke Street Lyndhurst	Surveyor

ANNUAL RETURN

OF THE

BRITISH TIMBER SYNDICATE LTD

made up to the 24th day of March, 19..

A Company's Registration Fee Stamp of 5s. must be impressed here

(Being the Fourteenth Day after the date of
the First Ordinary General Meeting in 19.)

The Address of the Registered Office of the Company is as follows—

Nominal Capital £200 000 divided into	
10,000 ORDINARY Shares of £10 each	
10,000 PREFERENCE Shares of £10 each	
Total Number of Shares taken up to the 24th day of March, 19..	
(Which number must agree with the TOTAL shown in the List as held by existing Members)	<div>10 000 ORD</div> <div>10 000 PREF</div>
Number of Shares issued subject to payment wholly in Cash	10 000
Number of Shares issued as fully paid up otherwise than in Cash	10 000
Number of Shares issued as partly paid up to the extent of per Share otherwise than in Cash	nil
There has been called up on each of 10 000 PREFERENCE Shares	£10
Total Amount of Calls received including Payments on Application and Allotment	£100,000
Total Amount (if any) agreed to be considered as paid on 10,000 ORDINARY Shares which have been issued as fully paid up otherwise than in Cash	£100 000

NOTE — The above Form is complete for the purpose of this Exercise. The actual Form is as illustrated on page 584 of *Advanced Accounts*

(For NAMES, ETC., OF DIRECTORS see previous pages)

BALANCE SHEET AS AT 31ST DECEMBER 19 .

CAPITAL AND LIABILITIES			£	s	d	£	s	d
<i>Nominal and Issued Capital—</i>								
10 000 Ordinary Shares of £10 each (fully paid)			100 000		—			
10 000 6% Cumulative Preference Shares of £10 each (fully paid)			100 000		—	200 000		—
Sundry Creditors						6 000		—
<i>Profit and Loss Account—</i>								
Balance at credit . . .						8 000		—
						<u>£214 000</u>		—
PROPERTY AND ASSETS						£	s	d
Freehold Land and Buildings (at cost less Depreciation)						80 000		—
Fixed Plant and Machinery (at cost less Depreciation)						60 000		—
Movable Plant and Loose Tools (at valuation made by Company's Manager)						10 000		—
Goodwill						15 000		—
Stock of Timber						12 000		—
Sundry Debtors						18 000		—
Cash in hand and at Bank						19 000		—
						<u>£214 000</u>		—

(Signed)

Auditors to the Company.

(For List of Persons etc see following pages)

LIST of Persons holding Shares in THE BRITISH TIMBER SYNDICATE, LIMITED time since the date of the last Return, or (in the case of the First Return) of the of the Shares so held

Folio in Register Ledger containing Particulars	NAMES, ADDRESSES, AND OCCUPATIONS			
	SURNAME	CHRISTIAN NAME(S)	ADDRESS	OCCUPATION
O.S.L.	Poole & Co			
	Laurel	Francis	16 Penzance Road Falmouth	Mason
	Tomlin	Bert	27 Elgan Avenue, Somerset	Grocer
	Charlton	Leslie	3 Lothbury Mansions Poole	Banker
	Dalton	Charles	64 Roseberry Avenue, Paignton	Builder
	Soames	Robert	17 Laconel Gardens, Bromley	Gentleman
	Smith	Fred	12 Brooke Street Lyndhurst	Surveyor
	Finch	Thomas E	64 Fleet Street, London, E.C.	Journalist
	Strong	Philip	17 Thornville Road, Buxton	Architect
	Carter	Grace M.	2 Boulders Lane Cleathorpes	Spinster
P.S.L.	Turner	Reginald	56 Longworth Road Thurston	Merchant
	Brown	Arthur	9 St Peter's Road, Somerset	Broker
	Trelwye	Norman	110 Lane Street Liverpool	Nason
	Philpott	Leslie	14 Larneway Avenue Buxton	Butcher
	French	Harold	105 Corncrake Lane Leicester	Designer
	Smith	Alfred	2 Grange Mansions, Pudworth	Banker

on the 24th day of March 19 and of Persons who have held Shares therein at any incorporation of the Company showing their Names and Addresses and an Account

ACCOUNT OF SHARES												REMARKS	
Number of Shares held by existing Members at Date of Return		Particulars of Shares transferred since the date of the last Return or (in the case of the first Return) of the incorporation of the Company by Persons who are still Members					Particulars of Shares transferred since the date of the last Return or (in the case of the first Return) of the incorporation of the Company by Persons who have ceased to be Members						
		NUMBER		DATE OF REGISTRATION OF TRANSFER			NUMBER		DATE OF REGISTRATION OF TRANSFER				
		Ord	Pref	Day	Mth	Year	Ord	Pref	Day	Mth	Year		
6 000		1 000		10	Mar	19							Laurel F
		1 000		22		19							Tomlin B
		1 000		24	May	19							Charlton L
		500		23	June	19							Dalton C
		500		19	Sept	19							Soames R
1 000													
1 000													
1 000													
500													
500													
	900		100	25	Mar	19							Finch T E
1 800													
	500		500	20	Aug	19							French H
	500												
1 500													
1 000													
1 000			500	16	July	19							Turner R
			500	20	April	19							French H
2 000													
1 000			1 000	16	May	19							Finch T E
10 000	10 000												

(Signature)

Fred Smith

Secretary

EXERCISE XXIV—No 1.

See *Advanced Accounts*, page 1065.

EXERCISE XXIV—No. 2

CONSERVATIVE BANK, LTD.

BALANCE SHEET ON 31ST DECEMBER 19..

CAPITAL AND LIABILITIES	£	s	d	PROPERTY AND ASSETS	£	s	d
Capital Subsd & Paid-up Reserve Fund	1,500,000	-	-	Freehold Premises			
Customers' Current and Deposit Accounts	1,200,000	-	-	<i>Investments, viz—</i>			
Acceptances on behalf of Customers	17,580,000	-	-	English Government	1,250,000	-	-
Rebate on Bills not due, carried to next account	1,725,420	-	-	Other Govt Securities	520,000	-	-
Profit and Loss Account available for distribution	24,300	-	-	Securities Pledged with Public Bodies	81,000	-	-
	110,680	-	-	Indian and Colonial Securities	1,101,000	-	-
				Discounted Bills of Exchange, Loans, and Advances			2,952,000
				Liabilities of Customers for Acceptances as <i>per contra</i>			14,482,000
				Cash in hand and at Bank of England			1,725,420
							2,600,990
							£22,140,400

EXERCISE XXIV—No 3

See *Advanced Accounts* pages 1057 (under *Notes on the Books*) to 1060 also page 1067 (under *General Cash Book and Ledger*)

EXERCISE XXIV—No 4

The Com, Notes, and Cheques would, first of all, be recorded in the Receiving Cashier's Counter Cash Book as having been received from John Smith. The paying-in slip would then be passed to a ledger clerk, who would post to the credit of John Smith's Current Account. A second clerk would enter up the customer's Pass Book (*credit side*) from the Paying-in Slip. Particulars of coin cheques and notes are entered into a 'Received Waste Book' under appropriate headings, the object being to facilitate the clearing of cheques which is effected later.

EXERCISE XXIV--Nos 5 and 6

See Adjuncted A column page 107 (under NOTES ON THE BALANCE SHEET)

EXERCISE XXIV No 7

CURRENT ACCOUNT LLDGLR

Robert Collins

1 Lupus Avenue Leighton

[illegible]

EXERCISE XXIV--No 8.

CURRENT ACCOUNT TIDGER

*Frederick Stevens,
27 Montgomerie Mansions Leambridge*

Date	Details	Col	Amount		Nature of Bal	Balance	INTEREST			
			Dr	Cr			Days	Pro-ducts	Rate	Amount.
19..										
Dec 31	To Balance .	.	£ 554 5 6		Dr	£ 554 5 6	17	£ 9418	4%	£
19..										
Jan 17	To Cheque .	.	20 -		"	574 5 6	9	5,166		1 11 11
Jan 26	By Cash .	.		137 1 2	"	437 4 4	17	7,429	4½%	
Feb 12	To Cheque .	.	74 5 6		"	511 9 10	7	3,577		
" 19	By Cash .	.		130 5 6	"	381 4 4	12	4,572		
Mar 3	To Cheque .	.	100 -		"	481 4 4	26	12,506		
" 29	By Cash .	.		116 4 2	"	365 - 2	4	1,460	5%	3 0 2
Apr 2	To Cheque .	.	40 -		"	405 - 2	21	8,505		
23	" Cheque .	.	35 - 6		"	440 - 8	3	1,320		
26	To Cheque .	.	54 12 2		"	494 12 10	5	2,475		
May 1	By Cash .	.		98 5 2	"	396 7 8	51	20,196		
June 21	To Cheque .	.	26 4 2		"	422 11 10	6	2,538	5½%	4 13 -
" 27	Cheque .	.	160 4 8		"	582 16 6	3	1,749		12 11
" 30	Interest (inc 4% on Turnover)	.	* 11 12 6		"					
" 30	By Balance c/d .	.		594 9 -	"	594 9		* Interest on Turnover = £15/6		£10 7 -
			£1 076 5 -	£1 076 5 -						

CURRENT ACCOUNT LEDGER

R. Crane

Date	Details	Fol	Amount		Nature of Bal	Balance	INTEREST				
			Dr	Cr			Days	Pro ducts	R ate	Amount	
19 Jan 1	By Cash		£	s d	£	s d	£	19	19 000	2%	£ s d
20 Jan 20	Cash				1 600	-	1 000	31	46 500		
20 Feb	To Cheque		1 200		500	-	1 500	28	4 400		
20 Mar	By Cash				600	-	900	11	27 900		
20 Apr 20	To Cheque		1 000		700	-	100	30	3 000	5%	5 11 7 Cr
20 May	By Cash						600	31	18 600	2%	4 3 Dr
20 June 30	To Cheque		500		613	-	100	10	1 000		1 1 5 Cr
30 Interest				8 3							
30 Balance c/d			106 4 9								
			£2 806 13		£2 806 13	-	£106 4 9	Cr			

EXERCISE XXIV--No. 10

Dr J GAUKROGER IN ACCOUNT CURRENT WITH PLANKSHIRE BANKING CO Cr

Date	Particulars	Vol	Amount	Days	Pro- ducts	Date	Particulars	Vol	Amount	Days	Pro- ducts
19.. 1	To Balance		2,710	4	10,840	19.. 1	By Cash		27	10	5,068
Jan 15	" Cash		280	12	3,360	Jan 30	" Cash		824	6	125,244
Feb 1	" Cash		420	3	1,260	Feb 29	" Cash		4,172	17	509,106
Feb 15	" Cash		36	14	504	Mar 31	" Cash		718	5	65,338
" Mar 15	" Cash		910	2	1,820	May 31	" Cash		1,500	-	45,000
Apr 15	" Cash		2,020	3	6,060	June 30	" Cash		180	-	-
May 15	" Cash		315	-	-	" 30	" Interest		51	7	749,760
June 15	" Cash		280	-	-						@ 2½%
30	" Interest		119	17	2,023						
" 30	" Balance c/d		391	9	3,519						
			7,474	5	37,370				7,474	5	-

J B

CURRENT ACCOUNT LEDGER

Date	Details	To	Amount		Nature of Bal	Balance	INTEREST					
			Dr	Cr			Days	Products Dr Cr	Rate	Amount		
19 Apr	By Balance			£ 250	Cr	£ 250	17	£ 4 2s0			£	s d
17 Apr	Cash			850		1 100	24	6 400				
11 May	To Cheque		400			700	9	6 300				
20 May	By Cash			170		870	15	13 0s0				
4 June	To Cheque		1 070			200	9	1 800				
13 June	By Cash			200	Dr		6					
19 June	To Cheque		500			500	14	7 000				
3 July	By Cash			650	Cr	150	27	4 050				
30 July	To Cheque		400		Dr	2s0	32	9 000				
31 Aug	By Interest			249 7 1				16 800	5%		2 6	Dr
	Balance c/d								2%		2 18 11	Cr
			£2 370	£2 370		249 7 1					12 11	Cr

EXERCISE XXIV—No. 12.

The positions of the following items in the Balance Sheet are as stated below—

(1) *Current Accounts* are the running accounts of business men with the bank, and appear on the **LIABILITIES** side of the Balance Sheet

(2) *Investments* are sums invested in Government, municipal or other gilt-edged securities and appear on the **ASSETS** side of the Balance Sheet

(3) *Rebate on Bills not due* is the unexpired portion of Discount on Bills discounted and appears on the **LIABILITIES** side of the Balance Sheet

(4) *Short Loans* are sums advanced to bill brokers secured by the deposit of bills, etc., and appear on the **ASSETS** side of the Balance Sheet
See also *Advanced Accounts* page 1075

EXERCISE XXIV—No. 13

See answer to Exercise XXIV—No. 4 (page 904).

EXERCISE XXIV—No. 14**TRIAL BALANCE**

	Dr			Cr		
	£	s	d	£	s	d.
Current and Deposit Accounts				7,731 450		-
Acceptances on behalf of Customers	1 200 000			1,200 000		-
Capital Subscribed 50 000 Shares				1,250,000		-
Reserve Fund				600 000		-
Profit and Loss Account				15,300		-
Interest accrued and paid	25 500					
Current Expenses Salaries, etc.	71 250					
Amount added to Staff Retirement Fund	3 000					
Premises Account amount written off	22 500					
Gross Profit for year				244 500		-
Cash in hand and at Bank of England	1 584 750					
Money at Call and Short Notice	274 250					
Consols (Reserve Fund)	600 000					
Consols and Securities	825,000					
Colonial and Railway Stocks	637 500					
English Corporation Stocks	235 500					
Bills, discounted	379,500					
Loans and Advances	4,665 000					
Bank Premises Furniture, etc.	337,500					
Freehold and Leasehold Properties	180 000					
	£11 041,250			£11 041 250		

EXERCISE XX V—No 14 (continued)

THE CAMBRIDGE BANKING CO LTD

Dr PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19 . Cr

	£	s	d	£	s	d
To Interest Paid to Customers	25	500				
Salaries Rent etc	71	250				
Amount carried to Staff Retirement Fund	3	000				
Amount written off Premises Account	22	500				
Profit	122	250				
	£244	500				
				By Gross Profit	244	500
					£244	500

EXERCISE XXIV—No 14 cont'd

THE CAMFRWELL BANKING CO. LTD

BALANCE SHEET AS AT 31ST DECEMBER 19 .

LIABILITIES		ASSETS	
Capital Subscribed—			
Paid up Capital	£ 2,000,000	Cash in hand and at Bank of England	£ 1,584,750
Reserve Fund (invested in Consols)		Money at Call and Short Notice	£ 274,250
Current and Deposit A/cs		Investments—	
Acceptances on account of Customers as per contra		Consols (Reserve Fund)	£ 825,000
Profit and Loss Account—		Consols and Other Sec	£ 637,500
Balance 1st Jan, 19	£ 15,300	Colonial & Rly Stocks	£ 235,500
Add Profit for year	£ 122,250	English Corp'n Stocks	
		Bills Discounted	£ 379,500
		Loans and Advances	£ 4,665,000
		Liabilities of Customers for acceptances as per contra	
		Bank Premises, Furniture etc	£ 1,200,000
		Freehold and Leasehold Properties	£ 337,500
			£ 180,000
			£ 10,919,000

EXERCISE XXIV—No 15

(1) Cash (2) Branches (3) Current Accounts—Towns The purpose served by raising the accounts mentioned is to have in summarized form a daily survey of the bank's business. The sources of information are the relative subsidiary Book and Ledgers. See also *Attaniel Accounts*, page 1067 (onwards)

EXERCISE XXIV—No. 16

See *Advanced Accounts*, page 1075 (under NOTES ON THE BALANCE SHEET)

EXERCISE XXIV—No 17

THE WEYSIDE CO LTD

JOURNAL

		£	s	d	£	s	d
19 Jan	Application A/c (Ordinary Shares) To Ordinary Share Capital 2/6 per share on 52 000 shares	6 500	-	-	6 500	-	-
"	Application A/c (Preference Shares) To Preference Share Capital 2/6 per share on 100 000 shares	12 500	-	-	12 500	-	-
"	Allotment A/c (Ordinary Shares) To Ordinary Share Capital 2/6 per share on 52 000 shares	6 500	-	-	6 500	-	-
Jan	Richard Blank (Vendor) To Ordinary Share Capital For issue of balance of ordinary shares to vendor in part pay- ment of purchase price of busi- ness	48 000	-	-	48 000	-	-
"	Allotment A/c (Preference Shares) To Preference Share Capital 2/6 per share on 100 000 shares	12 500	-	-	12 500	-	-
Jan 15	First Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 52 000 shares	13 000	-	-	13 000	-	-
" 15	First Call A/c (Preference Shares) To Preference Share Capital 5/- per share on 100 000 shares	25 000	-	-	25 000	-	-
Feb 15	Second Call A/c (Ordinary Shares) To Ordinary Share Capital 5/- per share on 52 000 shares	13 000	-	-	13 000	-	-
" 15	Second Call A/c (Preference Shares) To Preference Share Capital 5/- per share on 100 000 shares	25 000	-	-	25 000	-	-
Mar	Ordinary Share Capital To Forfeited Shares A/c Allotment A/c First Call A/c Second Call A/c Being 500 shares of £1 each 15/ called forfeited by J Smith as per Resolution No	375	-	-	62 62 125 125	10 10 - -	- - - -
		£167 375	-	-	£162 375	-	-

THIF WEYSIDE CO LTD

BALANCE SHEET AS AT 28TH FEBRUARY 19.

CAPITAL AND LIABILITIES	£	s	d	£	s	d	£	s	d
<i>Nominal Capital—</i>									
100 000 6% Preference Shares of £1 each	100 000	—	—						
100 000 Ordinary Shares of £1 each	100 000	—	—						
	<u>£200,000</u>	—	—						
<i>Issued Capital—</i>									
100 000 6% Preference Shares of £1 each 15/- paid				75,000	—	—			
100 000 Ordinary Shares of £1 each—									
49 000 fully paid	48 000	—	—						
52 000 15/- per share } called up }	39 000	—	—						
	<u>100 000</u>	—	—						
Less 500 Shares forfeited	87 000	—	—						
	375	—	—						
Forfeited Shares Account				86,625	—	—			
				62	10	—			
				<u>£161 687</u>	10	—			
							£161,687	10	—
									—

EXERCISE XXV No 1

STATEMENT SHOWING ESTATE DUTY AND
INTEREST PAYABLE

	Duty and Interest Payable on Original Affidavit			Addition on Corrective Affidavit			Aggregation		
	£	s	d	£	s	d	£	s	d
Realty	2 000			700			2 700		
Personalty	17 000			3 000			20 000		
	19 000								
Less Debts	£ 150								
Funeral Expenses	60								
	210								
Duty at 8 per cent paid on	£18 790			£3 700			£22 700		
£18 790 at 8 per cent	1 503	4							
Add Interest on duty on net personalty of £18 790 = £1,343 4s at 3 per cent per annum from 1st October 1936 to 1st November 1936 (31 days)	3	8	5						
	1 506	12	5						
Duty on £3 700 at 9 per cent				333					
Additional Duty on £18 790 at 1 per cent				187	16				
				5 0	18				
Add Interest on duty of 1 per cent net personalty on original affidavit (£18 790) = £187 18s at 3 per cent per annum from 1st October 1936 to 1st January 1937 (92 days)				1	8	5			
Add Interest on duty of 9 per cent additional net personalty on corrective affidavit (£3 000) = £270 at 3 per cent per annum from 1st October 1936 to 1st January 1937 (92 days)				2		10			
	£1 506	12	5	£524	9	3	£2 031	1	8

EXERCISE XXV—No 2

Dr

CASH BOOK

Cr

	Voucher No	Income	Capital	Bank	1937	Voucher No	Income	Capital	Bank
1937		£ s d	£ s d	£ s d	1937		£ s d	£ s d	£ s d
Jan 1	To Balance		410	410	Jan 31	By Estate Duty and interest there on			
5	Quarter's Interest on Consols less tax at 4s 9d				Feb 7	Legal Charges in connexion with obtaining Probate	15	300	300 15
7	Capital 887 days Income 4 days	1 4 10	27 7 1	28 11 11		Debits due at death		60	60
10	Cash in House		12	12		Funeral Expenses		125	125
15	Quarter's Rent due Christmas at £100 per annum		25	25	Mar 3	£4,901 19s 2d 3d per cent War Loan at 102		50	50
	Final Dividend of 6 per cent less tax on 1000 Shares in X, Ltd				5	Balances, c/d	42 2 6	5,000 645 4 10	5,000 687 7 4
Feb 20	for year to 31st December 1936		45 15	45 15					
	Dividend on Investment in A B Ltd, to 31st Jan								
	nary, 1937, net			120					
28	Capital, 345 days Income, 30 days	9 17 5	110 2 9						
	On account of A's share in partnership								
	Interest thereon at 5 per cent per annum, less tax	31 15 5	5 000	5,000					
Mar 5	Sundry small investments		550	31 15 5					
				550					
5	To Balance, b/d	£42 17 6	£6 180 4 10	£6 223 2 4			£42 17 6	£6 180 4 10	£6 223 2 4
		42 2 6	645 4 10	687 7 4					

EXERCISE XXV—No. 3

FREEHOLD HOUSE

Or

6

1938	To Estate Account	Value as sworn for Probate	£	s	d
Mar —			5	000	—

MORTGAGE ON HOUSE

Dr

5

1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	15
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EXERCISE XXV—No. 3 (cont'd).

INCOME TAX ACCOUNT

[illegible]

RENT ACCOUNT

RENT ACCOUNT		Cr.	
Dr.			
	1937		
	Mar 31	By Bank	£ 40
	June 30	" Bank	40
	Sept 30	" Bank	40
	Dec. 31	" Bank	40

BANK

Dr		BANK		Cr.	
		1937			
		l	s d		l s d
To Quarter's Rent of House	.	40	—	Jan	53 8 11
Quarter's Rent of House	.	40	—	Mar. 31	28 11 11
" Quarter's Rent of House	.	40	—	June 30	28 2 6
" Quarter's Rent of House	.	40	—	Sept 30	28 2 6
" Quarter's Rent of House	.	40	—	Dec 31	28 2 6
				By Schedule A, tax	
				" Mortgage Interest, net	
				" Mortgage Interest, net	
				" Mortgage Interest, net	
				" Mortgage Interest, net	

EXERCISE XXV—No. 4

Interim dividend of 2% on £2,000 Stock
 Less tax at 4s 9d on the £

Final dividend of 4% on £2,000 Stock
 Less tax at 4s 9d on the £

This should be apportioned as follows—

Capital 3 months
 Income 9 months

Of the above sum attributed to capital of
 there has already been so attributed

leaving to be allocated to capital from the final dividend

Of the final dividend of £61 there should be allocated—
 to Capital
 to Income

£	s	d	£	s	d
40	9	10	30	10	
80	19				
			60		
			£91	10	
			2	17	6
			6s	12	6
			£91	10	
			22	17	6
			2	6	8
			£2	10	11
			2	10	10
			5s	9	2
			£61		

ESTATE ACCOUNT—*re* A DECEASED

5

[illegible]

† per cent Duty on £3 472 18s 6d. = £21s 18s 4d.

EXERCISE XXV—No. 7.

				Legacy	Net Legacy	Legacy Duty Payable Out of Estate	Total
				£ s d	£ s d	£ s d	£ s d
To Widow	.	.		10 000	10 000	100	10 100
To Son	.	.		5 000	5 000	50	5 050
To Sister	.		500				
Less Legacy Duty	.		25	500	475		500
To Gardener	.	.	100				
Less Legacy Duty	.	.	10	100	90		100
To Executor	.			100	100	10	110
Residue to charities	.	.	5 140	15 700	15 680	160	15 840
Less Legacy Duty	.	.	514	5,140	4 626		5,140
				20 840	20 291	160	21 000
Legacy duty payable recoverable by deduction						549	
Total Legacy Duty payable						709	
					20 291	809	21 000

EXERCISE XXV—No. 8

STATEMENT SHOWING EVENTUAL DIVISION OF THE ESTATE

		£ s d
Balance of Estate		30 000 - -
Less Charge on Residuary Estate for Widow	.	1 000
Personal Chattels for Widow	.	1 500
		<u>2 500 - -</u>
One-half to be held upon trust for Widow for Life	.	27 500 - -
		<u>13,750 - -</u>
Remaining half upon Trust for Issue	.	13 750 - -
And Advance to Deceased Son brought into Hotchpot	.	7 500 - -
Advance to Surviving Son brought into Hotchpot	.	4 500 - -
		<u>£25 750 - -</u>

EXERCISE XXV—No 8 (contd)

	Share in Above £25 750		Share in Capital in which Widow has a Life Interest		Total		Advances Brought Into Hotchpot		Balances	
	£	s d	£	s d	£	s d	£	s d	£	s d
Share of Surviving Son	6 437	10 -	3 437	10 -	9 875	-	4 500	-	5 375	-
Shares of Surviving Daughters—										
A	6 437	10 -	3 437	10 -	9 875	-			9 875	-
B	6 437	10 -	3 437	10 -	9 875	-			9 875	-
Shares of Surviving Grandchildren—										
C	2 145	16 8	1 145	16 8	3 291	13 4	2 500	-	791	13 4
D	2 145	16 8	1 145	16 8	3 291	13 4	2 500	-	791	13 4
E	2 145	16 8	1 145	16 8	3 291	13 4	2 500	-	791	13 4
									£27 500	-

EXERCISE XXV—No. 9.

Dr

2000 Shares of £1 each in Decks Ltd

6

Dividends Payable on

	Nominal	Dividends	Princ pal		Nominal	Dividends	Principal
	£ s d	£ s d	£ s d		£ s d	£ s d	£ s d
1934 Nov 30	To Estate Account— 2000 shares at 23s	-	-	1935 Feb 1	By Cash— Final dividend of £ 10 per cent 200 Less Tax at 4s 6d 45	-	-
1915 Nov 30	" Transfer to Income Ac count	£ 2 000	2 800				
				Mar 31	Cash 1000 shares sold at 25s	19 7 6	135 12 6
				July 31	" Cash Interim Dividend of 5 per cent free of tax on 1000 shares	-	1 250 -
					" Cash 500 shares sold at 26s 6d	50 -	-
				Nov 30	Balance, carried down	-	-
							652 10 -
							251 17 6
							£2 300 -
Dec 31	To Balance, brought down	£2 000	£2 800				
		500	251 17 6				

Note—The £500 shares unsold might be brought in at $\frac{1}{4}$ of (£2,300 – £135 12s 6d) and the capital profit resulting carried to Estate Account. If this is done annually, however, the Estate Account is lumbered with “paper” profits or losses, and it is considered the best course to take into account capital profits or losses only when the whole holding of an investment has been realized.

EXERCISE XXV—No 10

VISITORS LFDGFR 17TH JANUARY 19

	Room 1			Room 2			Room 3			Total		
	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>	<i>£</i>	<i>s</i>	<i>d</i>
<i>Dr</i>												
Brought forward	1	11	6				1	10	6	3	2	
Apartments		8	6		5						13	6
Breakfast		2	6		2	6		2	6		7	6
Lunch		4	6								4	6
Tea					1	6					1	6
Dinner or Supper		5	-		2						7	-
Wines Spirits Cigars etc		10	3		1	9					12	1
Baths					1	1					1	5
Sundries		3	10		1				6		5	4
	£3	6	1		14	9	£1	13	6	£5	14	4
<i>Cr</i>												
Cash								1	13	6	1	13
Allowances												
Transfers												
Carried forward		3	6		14	9					4	-
	£3	6	1		14	9	£1	13	6	£5	14	4

EXERCISE XXV—No 11

<i>Dr</i>	SUSPENSE ACCOUNT				<i>Cr</i>		
	<i>£</i>	<i>s</i>	<i>d</i>		<i>£</i>	<i>s</i>	<i>d</i>
To Difference in Trial Balance	38	11	6	By Bank	3	11	
J Jones	9			Salaries Account	10		
R Foley	1	4	6	S Minett	35		
	£48	16			£48	16	

EXERCISE XXV—No 12 (contd.)

JONES & WARE

D>

19 June 15	To Consignment Account— Sales Difference on Exchange	Rupees 34,000	s	d	19 May 31	By Land ng Charge Storage and Insurance Commission Draft Balance	Rupees 315 80 850 30 000 2 755	L	s	d
			2 260	13 4			c/d	21	5	8
			15	12 6	19 June 15 July 18 31			50	19	4
		34 000	22 28	11				2 01	12	8
								183	15	4
								0 262	5	10
19 Aug 15	To Balance Consignment Account— Sales	by d 2 755 7 200 9 955	184	13 4	19 Aug 15 16	By Storage and Insurance Commission Draft	54 180 9 721 9 955	3	12	
								649	1	4
								1603	19	4

C>

INSURANCE COMPANY

D>

19 May 31	To Claim for Goods lost in transit	L	s	d
		6	44	

C>

EXERCISE XXV—No 13

See *Advanced Accounts* Chap XVIII

EXERCISE XXV—No 14.

Dr A-D SALES LEDGER ADJUSTMENT ACCOUNT *Cr*

19 Feb 28 Mar 31		19		19			19		
		f	s	d	f	s	d	f	d
	To Debtors' Balances, brought down	2 459	1	7				47	5
	• Sales	3 889	10					108	7
	• Mrs Cunningham— <i>vs</i> Miss D Peters, transfer	0	5					2,691	3
								93	5
								250	
								14	8
								21	15
								2 630	12
		£8 057	16	7				£6 057	16 7
	By Creditors Balances, brought down								
	• Returns								
	• Cash								
	• Discounts								
	• Bills Receivable								
	• Bad Debts, written off								
	• Transfer to Bought Ledger—M Brown								
	• Balance, carried down								

EXERCISE XXV—No 14 (*contd*)

19 Mar 31		£		s		d	
		£	s	d	£	s	d
	To Balance brought down				6	30	1
	Debit Balances 28th February 1937	2	6	4			
	Less Credit Balances 28th February 1937	4	3	17			
					6	30	1
	Difference				0	6	12
					£	10	

The difference might arise from—

- (a) The extraction of a balance being made at £10 below the actual amount
- (b) An addition on the debit side of a Personal Account having been made £10 too little the Account being balanced and the balance carried down £10 below the true amount

These are the most likely errors. The difference may also arise from—

- (c) The omission to post an item of £10 from the Sales Day Book or the posting of an item of £5 therein to the credit of the Personal Account or a blind entry on the credit side of a Personal Account of £10 such as for a bad debt not debited to Bad Debts Account
- (d) A composition of two or more errors

EXERCISE XXV—No 15

- (a) Write off an appropriate amount for the year and treat the remainder as an asset
- (b) Treat as a reserve in the Balance Sheet on the liabilities side
- (c) If thought fit note on the Balance Sheet as a contingent liability but the amount should not be incorporated as an actual liability in the effective figures for agreeing the Balance Sheet
- (d) Deduct the reserves from debtors and creditors respectively in the Balance Sheet debiting and crediting the Profit and Loss Account along with the actual discounts subject of course to taking into account any reserves existing at the beginning of the year
- (e) A profit on sale of old business premises may be treated as a reserve in the Balance Sheet or taken as a profit in the Profit and Loss Account as it is possible the premises have been over depreciated in the past and crediting Profit and Loss Account would be correcting such excessive depreciation. The former method however is probably to be preferred
- (f) The same method of placing to reserve as in (e) might be adopted
- (g) Place the profit to reserve and include in the Balance Sheet on the liabilities side

EXERCISE XXV—No 16.

TRADING AND PROFIT AND LOSS ACCOUNTS OF BROWN, JONES, AND SMITH
FOR THE YEAR ENDED 31ST MARCH 1937

	Brighton	London	Total		Brighton	London	Total
To Stock 1st April 1936							
" Purchases	16 285	7 390	23 675	By Sales	19,328	92,084	111,412
" Gross Profit carried to Section II	4 905	18 440	23 345	Stock 31 March 1937	2 462	9 041	11,503
	£21 690	£101 105	£122 795		£21 690	£101 105	£122 795
To General Salaries and Wages	1 830	6 195	8 025	By Gross Profit brought from Section I	4 905	18 440	23,345
" Manager's Salary	400	2 200	2,600	Discounts	38	204	242
" Rent	400	3 684	4 084				
" Trade and Office Expense	917	180	1,097				
" Insurance	32	145	177				
" Travelling Expenses	29	174	203				
" Bad Debts	92	483	575				
" Depreciation of Motor Vans	550	1,250	1,800				
" Depreciation of Furniture and Equipment	85	370	455				
" Interest Charge in respect of Capital employed	354	354	708				
" Manager's Commission	127	127	254				
" Net Trading Profit carried to Section III	127	4 260	4 387				
	£4 943	£18 644	£23 587		£4 943	£18 644	£23,587
To Interest on Capital—				By Net Trading Profit from Section I—			
Brown		780	780	London Branch			
Jones		463	463	Brighton Branch	4 269		4 269
Smith		110	110		127		354
Net Profit—			1,353	Interest on Capital employed at Brighton Branch			
Brown		1 938	1,938				
Jones		1 292	1,292				
Smith		170	170				
			3,400				
			£4 750				£4 750

NOTE ON INCOME TAX EXERCISES

The workings are based on the following reliefs and allowances, so that adjustments will be necessary to arrive at the correct figures based on the latest Finance Act, though the methods of working shown indicate the correct procedure—

Earned income relief	.	.	.	.	.	one tenth (Max £150)
Personal Allowance—						
married man	.	.	.	.	.	£140
single person	.	.	.	.	.	£80
Children's allowance	.	.	.	.	.	each £50
Housekeeper allowance	.	.	.	.	.	£50

EXERCISE XXVI—No 1.

Examples of Income Tax Returns showing allowances, reliefs, etc., as required in the question are on pages 1150-1-2 of *Advanced Accounts*

EXERCISE XXVI—No 2.

RETURN FOR INCOME TAX

	£	s	d
Earned Income	800	-	-
<i>Deductions—</i>			
Earned Income Relief ($\frac{1}{10}$)	£80		
Personal Allowance for Wife and Self	140		
Children's Allowance (3)	150		
	370	-	-
Taxable Income	£430	-	-

EXERCISE XXVI—No 3

RETURN FOR INCOME TAX

	£	s	d
Earned Income	440		
<i>Deductions—</i>			
Earned Income Relief ($\frac{1}{10}$)	£44		
Personal Allowance	80		
Children's Allowance (3)	150		
Housekeeper's Allowance	50		
	324	-	-
Taxable Income	£116	-	-

EXERCISE XXVI—No. 4

The method described in the question is not considered to be correct as the result is that tax for the period from 5th April 1934, to 5th April, 1935, is

EXERCISE XXVI—No 4 (cont'd)

charged against accounts for the period from 30th September 1934 to 30th September 1935

An alternative method that would be more correct is indicated in the following account—

Dr		INCOME TAX ACCOUNT				Cr
1935 Jan 6	To Bank 1934-35 tax paid	£	1934 Oct 1	By Reserve for proportion of tax due for 1934-35 for period from 5th April 1934 to 30th Sept 1934	£	
Sept 30	Reserve for proportion of tax due for 1935-36 for period from 5th April 1935 to 30th Sept 1935	600			300	
		200	1935 Sept 30	Profit and Loss A/c		500
		£800				£800
			1935 Oct 1	By Reserve b/d		£.00

EXERCISE XXVI—No 5

Item	If Allowed	Reasons
Income tax	No	It is not an expense of running the business but an amount payable out of profits when ascertained
Loss on sale of motor car	Yes in some circumstances	If the car is replaced by another the amount of the actual loss less wear and tear already given is allowed if the replacement cost is not less than such sum as it is a working loss on plant. If the car is not replaced the loss is not allowed as it is a capital loss
Debenture interest	No	Tax must be paid and deducted on payment of the interest the company thus not bearing the tax but the debenture holders to whom the interest is income
Depreciation of plant	No	This is a capital loss but in the case of plant a wear and tear claim can be made
Directors fees	Yes	These are an expense of running the business and represent moneys paid for services rendered
Donation to the building fund of a hospital	No	This is not a cost of working the business but merely a charitable donation
Premium on loss of profits policy	No	This is not regarded as necessary for working a business but is paid for an indemnity against loss of profits. If however an undertaking is given to bring in for assessment any sums received under such a policy premiums will be allowed
Defalcations by cashier	Yes	Such a loss is a normal trading risk and therefore a normal trading loss

EXERCISE XXVI—No. 6.

Items disallowed are—

Interest on debentures, because it is an item on which tax is recovered by deduction on payment, and is kept in charge on the company on the principle of taxing profits at their source,

Depreciation of plant, because it is a capital loss (Wear and tear allowance may, however, be claimed),

Goodwill written off, because it is a capital loss,

Bad Debts Reserve, unless specific, because it is an estimate of a loss on an arbitrary basis

Subscriptions and donations may or may not be allowed, according to circumstances. The question to determine is whether the items are expenses wholly and exclusively laid out or expended for the purposes of trade with certain possible exceptions such as hospital subscriptions

EXERCISE XXVI—No. 7

RETURN FOR INCOME TAX

	£	£
Earned Income	500	
Investment Income	113	
		613
<i>Deductions—</i>		
Earned Income Relief ($\frac{1}{10}$)	50	
Personal and Wife's Allowance	140	
Children's Allowance (2)	100	
		290
Taxable Income		<u>£323</u>

$$\text{Appropriate Rate} = \frac{\text{Total Tax}}{323}$$

EXERCISE XXVI—No. 8

RETURN FOR INCOME TAX

	£	£
Earned Income		4,108
<i>Deductions—</i>		
Earned Income Relief (MAX)	150	
Allowance for Wife and Self	140	
Child's Allowance	50	
		340
Taxable Income		<u>£3,768</u>

$$\text{Appropriate Rate} = \frac{\text{Tax}}{3,768}$$

EXERCISE XXVI—No. 9.

This subject is fully dealt with on pages 1159-1162 of *Advanced Accounts* (under "Wear and Tear Allowance")

EXERCISE XXVI—No 10

Details of items not allowed as charges against profit when making an adjustment of the Profit and Loss Account for Income Tax purposes are enumerated on pages 1147 and 1148 of *Advanced Accounts* (under Rules for Calculating Profits.)

NOTE The question of items allowed (or not allowed) is now a subject much within the discretion of the Inspector examining accounts submitted.

EXERCISE XXVI—No 11

STATEMENT SHOWING ALLOCATION OF ASSESSABLE PROFIT
BETWEEN PARTNERS

	TOTAL	B	J	K
Interest on Capital	£600	£250	£200	£150
Partnership Salaries	1 200	500	400	300
Share of Assessable Profit divisible equally between partners	£1 800 7 200	£750 2 400	£600 2 400	£450 2 400
	£9 000	£3 150	£3 000	£2 850

FIRM'S ASSESSMENT

Assessable Profit	£	9 000
Deductions—		
Earned Income Relief (Maximum to each Partner)	450	
Personal Allowance (£80 to each Partner)	240	690
Taxable Income		£8 310

PARTNERS' LIABILITY

	Total	B	J	K
Share of Assessable Profit Each Partner—	£9 000	£3 150	£3 000	£2 850
Earned Income Relief	£150 690	230	230	230
Personal Allowance	£80			
Taxable Income	£8 310	£2 920	£2 770	£2 620

EXERCISE XXVI—No. 12.

(i) The reserve for income tax should be made by apportioning on a time basis the tax payable on the two assessments falling within the company's financial year

Taking the company's year ended 31st December, 1936, the assessments falling within that year are 1935-6 from 1st January, 1936, to 5th April, 1936, and 1936-7 from 5th April, 1936, to 31st December, 1936

In determining the liability, the ground-rent and debenture interest would fall to be added back to the profits stated, but the net Schedule A assessment on the property on which the ground-rent is paid should be deducted therefrom. Assessments would arise under both Schedule D and Schedule A, both of which should be apportioned on the basis stated above. As the tax for 1936-7 is not payable until 1st January, 1937 the apportioned tax owing should be reserved for on 31st December, 1936. The tax recoverable by deduction on the ground rent, debenture interest, and dividends does not affect the reserve, but merely the amount of tax to be charged against profits

(ii) The deduction of expenses wholly, exclusively, and necessarily incurred in the performance of duties, the emoluments for which are assessed under Schedule E, may be deducted from the emoluments to be assessed, but, in practice, the taxpayer is usually required to establish the right to such deductions at considerably greater trouble than is called for under Schedule D

EXERCISE XXVI—No 13

Robert Laws may appeal on (a) and (d). The question of depreciation is now more closely examined by an Inspector of Taxes as circumstances which determine the allowance in regard to it are not the same in all cases, and an appeal would receive consideration

If the subscription to a local hospital was in the nature of a donation to the institution for purposes of securing treatment to his own employees, the contribution would be allowed

EXERCISE XXVI—No 14

The items enumerated are dealt with as under—

- (a) *5 per cent on Sundry Debtors* is disallowed and would be added back
- (b) *Deposit Interest* would remain as a credit item in the Account
- (c) *Premiums received on an issue of shares* would not appear in the account, being an item of a strictly 'capital' nature
- (d) *Losses by embezzlement* would be disallowed and added back, presuming, of course, an item for "premium" on a third party risk policy was already in the account. Otherwise, the item would be the subject of careful consideration by the Inspector of Taxes before being allowed as a charge against profits

EXERCISE XXVI—No 15

Items (a) and (d) are items of a 'capital' nature and do not affect the Profit and Loss Account

Preliminary Expenses are not viewed as a business expense, and would be added back

Depreciation of Steamers is allowed by the Income Tax authorities at 4 per cent on 'Prime Cost'. Therefore, if 5 per cent is charged on "Prime Cost" the difference in charge between the percentages must be added back

EXERCISE XXVI—No 16

RETURN FOR INCOME TAX

	£	s	d	£	s	d
Net Profit as Profit and Loss A/c				977	-	-
Add Deductions not Allowed—						
Interest on Loan	25	-	-			
Interest on Partners Capital	80	-	-			
Partner's Salary	350	-	-			
Amount without Goodwill	50	-	-			
Charitable Subscriptions	28	-	-			
				533	-	-
				£1 510	-	-

The firm will be assessed on £1 510 subject to the usual abatements and reliefs to Partners. Wear and Tear (if any) would be deducted from above figure.

EXERCISE XXVI—No 17

RETURN FOR INCOME TAX

	£	£
Earned Income	750	
Unearned Income (War Loan Interest)	100	
		850
<i>Deductions—</i>		
Earned Income Relief (10)	75	
Wife and Self Allowance	140	
Children's Allowance (2)	100	
Dependent Relative Allowance	25	
		340
Taxable Income		£510

The taxpayer is entitled to an abatement from the tax chargeable for his payment of £20 Insurance premium.

EXERCISE XXVI—No 18

RETURN FOR INCOME TAX

	£	£
Total Income from all Sources		8 808
<i>Deductions—</i>		
Earned Income Relief (Maximum to A and B)	300	
Personal Allowance B	80	
Wife and Self Allowance A	140	
		520
Taxable Income		£8 288

There will be an allowance for A on the insurance premiums for A and his wife.

EXERCISE XXVI—No. 19

RETURN FOR INCOME TAX

Net Profit as Profit and Loss Account	£	£ 780
<i>Add Deductions not Allowed—</i>		
Income Tax on Business Premises	55	
Life Assurance Premium	15	
Interest on Capital	40	
Ground Rent	75	185
		965
<i>Less Dividends (taxed)</i>	60	
„ Rent of Premises	220	280
		£685
Taxable Profit		

COMMENTS

The above Return is based on the conclusions that—

(1) Travelling Expenses of Staff and Proprietor were incurred in the prosecution of matters concerned with the business and

(2) Bank Interest was on a temporary overdraft, or other bank accommodation and not being annual interest

(3) The Rent of Premises being *net* assessment as for Schedule A, and calculated on Income Tax at 5s, i.e. £55 × 4 = £220

EXERCISE XXVI—No. 20

The wages calculations should be made by a wages clerk and recorded in the Wages Book. A cheque should be drawn for the total wages payable and, when cashed, the wages packets made up. On paying wages, a responsible person should make the distribution, the foreman of each department being present when the men in his shop are being paid. The payments should be attested by the person distributing and the respective foremen. The duties of wages clerk should, at various times, be performed by different persons in order to eliminate as far as possible collusion between the wages clerk and employees. The time sheets of employees should be vouched by shop foremen before wages calculations are made. An occasional check on the wages calculations may be made at unspecified times with a view to preventing fraud.

EXERCISE XXVI—No. 21

P PENSLEY'S LEDGER

Dr		R RUBBLE			Cr	
19 Mar 1	To Bills Payable	£ 250	s -	d -	19 Mar 1	By Bills Receivable
						£ 250
						s -
						d -

Dr		BILLS RECEIVABLE ACCOUNT			Cr	
19 Mar 1	To R. Rubble	£ 250	s -	d -	19 Mar 1	By Cash
						£ 250
						s -
						d -

EXERCISE XXVI—No 21 (contd)

Dr		BILLS PAYABLE ACCOUNT						Cr	
19 June 4	To Cash	£	s	d	19 Mar 1	By R Rubble	£	s	d
		250	-				250	-	

Dr		BANKER'S DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Cash	£	s	d					
		2	16	3					

Dr		CASH ACCOUNT (Bank Column)						Cr	
19 Mar 1	To Bills Receivable	£	s	d	19 Mar 1	By Bankers Discount	£	s	d
		250	-		June 4	Bills Payable	250	16	3

R RUBBLE'S LEDGER

Dr		P PENSLEY						Cr	
19 Mar 1	To Bills Payable	£	s	d	19 Mar 1	By Bills Receivable	£	s	d
		250	-				250	-	

Dr		BILLS RECEIVABLE ACCOUNT						Cr	
19 Mar 1	To P Pensley	£	s	d	19 Mar 1	By Cash	£	s	d
		250	-				250	-	

Dr		BILLS PAYABLE ACCOUNT						Cr	
19 June 4	To Cash	£	s	d	19 Mar 1	By P Pensley	£	s	d
		250	-				250	-	

Dr		BANKER'S DISCOUNT ACCOUNT						Cr	
19 Mar 1	To Cash	£	s	d					
		2	16	3					

Dr		CASH ACCOUNT (Bank Column)						Cr	
19 Mar 1	To Bills Receivable	£	s	d	19 Mar 1	By Bankers Discount	£	s	d
		250	-		June 4	Bills Payable	250	16	3

EXERCISE XXVI—No. 22

SPECIMEN OF COMBINED SALES AND BOUGHT JOURNAL

Date	Particulars	Fol.	Dr			Cr.			Bought Book			Sales Book		
19			£	s	d	£	s	d	£	s	d	£	s	d

SPECIMEN OF CASH BOOK

(CREDIT SIDE)

Date	Particulars	Fol.	Discount			Cash			Bank			Creditors Ledger			General Ledger		
19			£	s	d	£	s	d	£	s	d	£	s	d	£	s	d

(DEBIT SIDE)

Date	Particulars	Fol.	Discount			Details			Bank			Sales Ledger			General Ledger		
19..			£	s	d	£	s	d	£	s	d	£	s	d	£	s	d

EXERCISE XXVI—No. 23

The books of account deemed necessary, and the allocation of duties in connection with them, would be as follows—

*Books**Member of Staff*

Cash Book
General Ledger
Private Ledger

} Chief Clerk or firm's Accountant

Purchases Book
Sales Book
Purchases and Sales Ledgers

} Senior Clerk

Wages Book
Petty Cash Book

} Junior Clerk

The Junior Clerk subject to supervision by Senior Clerk.

The Senior Clerk subject to supervision by Chief Clerk who would advise generally on detail work of office

EXERCISE XXVI—No 24

(a) *Floting Assets* are assets held for purposes of trading such as Stocks Debtors Bills etc

(b) *Fixed Assets* are assets acquired for purposes of earning income such as Plant and Machinery Horses and Vans etc

(c) *Preliminary Expenses* are expenses incurred on the flotation of a company such as Legal Expenses Stationery Advertising etc

(d) *Self balancing Ledgers* are ledgers which are made capable of producing a Trial Balance independently The Trial Balance is possible by the introduction of an Adjustment Account which in its nature is a TOTAL account showing the aggregate of transactions only on opposite sides to the accounts in the Ledger being proved

(e) *Watering of Stock* means that the NOMINAL value of the Capital of a company has been increased without the corresponding increase in receipts from shareholders

(f) *Allonge* is a slip of paper attached to Bills of Exchange for further endorsements

EXERCISE XXVI—No 25

A *Cumulative Preference Share* is one which carries with it a prior consideration for a dividend—or share of the profit also a right to arrears on dividends out of future profits

The arrears on dividends referred to do not affect the annual accounts of a company but a memorandum to that effect may be shown in the Balance Sheet

EXERCISE XXVI—No 26

See *Advanced Accounts* page 830 for Specimen of Cost Sheet of a manufacturer

EXERCISE XXVI—No 27

See *Advanced Accounts* page 981 (under Difference between a Statement of Affairs and a Balance Sheet)

EXERCISE XXVI—No 28

The adjustments necessary to show the correct position of the Birchets Mineral Water Co Ltd with their customers would be as follows—

19

- | | | | | | |
|--|--|--|--|--|--|
| (1) Sale or Return Account
To Sundry Debtors
To reduce the charge for supplies of minerals to actual amount supplied | | | | | |
| (2) Provision for Discount on Debtors
To Discount Reserve on Debtors
Charge against profits of sum equal to agreed 10% discount due to customers when accounting for sales | | | | | |

The above entries properly incorporated in accounts will present the true

EXERCISE XXVI—No 29.

See *Advanced Accounts*, page 151 (under appropriate headings).

EXERCISE XXVI—No 30.

The financial position of a concern is gauged according to the position in which an individual stands toward the concern whose balance sheet is the subject of examination

(a) A *banker* considers the financial position of a concern sound when its floating (or circulating) assets are adequate to meet its current liabilities or, to put it another way, the ability of a concern to meet its liabilities on a forced realization

(b) A *shareholder* considers a concern financially sound whilst it can maintain its capacity to earn profits, and betrays no apparent embarrassment as regards the relation between its liabilities and the adequacy of assets to meet them

(c) A *debenture holder* considers a concern financially sound according to the liquidity of its available assets

(d) An *auditor* takes a more exact view of matters in determining the financial position of a concern. An auditor will closely examine the individual items, both assets and liabilities, their evaluation being arrived at after searching investigation of relevant documents. A sound financial position, after a close study of all important matters has been carried out, is presumed on the following factors—

(1) Fixed assets are maintained at their full earning valuations

(2) Floating or circulating assets are adequate to meet floating liabilities

(3) Reserves have been created which are sufficient for contingent and future liabilities without impairing the general financial soundness of the concern

EXERCISE XXVI—No 31

CONVERTED CHICAGO TRIAL BALANCE

	Rate of Ex change						
		£	s	d	£	s	d
Head Office Account					6,502	14	6
Remittances Account		2,786	6	11			
Stock, 1st Jan	4 86	1 046	5	11			
Fixtures and Fittings	4 86	562	19	3			
Purchases	4 92	3 627	4	8			
Sales	4 92				7,277	12	10
Sundry Debtors	5 00	3 542	-	-			
Sundry Creditors	5 00				412	8	-
General Expenses	4 92	1 544	18	4			
Discount	4 92				84	19	2
Cash	5 00	92	-	-			
Bank	5 00	1,090	-	-			
Profit on Exchange					14	-	7
		£ 14,291	15	1	14,291	15	1

EXERCISE XXVI—No 31 (contd.)

JOURNAL ENTRIES

		£	s	d	£	s	d
19 Dec 31	Remittances from Branches To Branch Account	2 786	6	11	2 786	6	11
, 31	Branch Trading Account To Branch Account	4 673	10	7	4 673	10	7
	Stock 1st Jan	£1 046	5	11			
	Purchases	3 627	4	8			
, 31	Branch Account To Branch Trading Account	8 282	12	10	8 282	12	10
	Sales	£7 277	12	10			
	Stock 31st Dec	1 005					
, 31	Branch Trading Account Branch Account To Branch Profit and Loss A/c For gross profit and discount received	3 609	2	3	3 694	1	5
		84	19	2			
, 31	Branch Profit and Loss Account To Branch Account General expenses	1 544	18	4	1 544	18	4
, 31	Branch Account To Branch Profit and Loss A/c Difference in exchange	14		7	14		7
31	Branch Profit and Loss Account To Head Office Profit and Loss A/c 100% profit transferred	2 163	3	8	2 163	3	8
		£23 158	14	4	£23 158	14	4

HEAD OFFICE LEDGER

Dr

REMITTANCES FROM BRANCH ACCOUNT

Cr

9 Dec 31	To Branch A/c	£ 2 786	s 6	d 11	19 Jan Dec	By Cash	£ 2 786	s 6	d 11
-------------	---------------	------------	--------	---------	---------------	---------	------------	--------	---------

Dr

BRANCH ACCOUNT

Cr

19			£	s	d	19		£	s	d
Jan 1	To Balance		6 502	14	6	Dec 31	By Remittances from			
Dec 31	Branch Trading		8 282	1	10		Branch A/c	2 780	6	11
" 31	Branch Profit and Loss A/c		84	19	2	31	Branch Trading A/c	4 673	10	7
" 31	Branch Profit and Loss A/c		14		7	31	Branch Profit and Loss A/c	1 544	18	4
			14 844		1		Balance c/d	5 879	11	4
								14 844	7	1

EXERCISE XXVI—No. 31 (cont'd)

Dr.		BRANCH TRADING ACCOUNT						Cr.	
19		£	s	d	19		£	s	d
Dec 31	To Branch A/c—				Dec 31	By Branch A/c—			
	Stock	1 046	5	11		Sales	7 277	12	10
	Purchases	3 627	4	8		Stock, 31st Dec.	1 005	—	—
	Branch Profit and Loss A/c	3 603	2	3					
		£8 782	12	10			£8 282	12	10

Dr.		BRANCH PROFIT AND LOSS ACCOUNT						Cr.	
19		£	s	d	19		£	s	d
Dec 31	To Branch A/c—				Dec 31	By Branch Trading A/c	3 603	2	3
	General Expenses	1 544	18	4		Branch A/c—			
	Net Profit to Head Office	2 183	3	8		Discounts Received	84	19	2
						Difference in Ex change	14	—	7
		£3,708	2	—			£3,708	2	—

BALANCE SHEET AS AT 31ST DECEMBER, 19

LIABILITIES				ASSETS			
	£	s	d		£	s	d
Sundry Creditors	412	8	—	Cash	82	—	—
Branch Account	3,879	11	3	Bank	1,090	—	—
				Sundry Debtors			1 182
				Stock			3,542
				Furniture			1 005
							582 18 3
	£6,291	19	3				£6,291 19 3

CHICAGO BRANCH LEDGER

Dr.		REMITTANCES FROM HEAD OFFICE						Cr.	
19		\$		19		\$			
Jan.-Dec.	To Cash	14,000		Dec 31	By Transfer to Head Office	14 000			

Dr.		HEAD OFFICE ACCOUNT						Cr.	
19		\$		19		\$			
Dec. 31	To Transfer from Remittances Account	14 000		Dec 31	By Balance	32 692			
" 31	" Balance c/d	29,319			" Profit and Loss Account (Net gain)	10 717			
		\$43 319				\$43 319			

EXERCISE XXVI No 31 (contd)

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 19

Dr			Cr
To Stock 1st Jan	\$ 5 085	By Sales	\$ 35 806
Purchases	17 846	Stock 31st Dec	5 025
Balance Gross Profit c/d	1 900		
	<u>\$40 831</u>		<u>\$40 831</u>
To General Expenses	7 601	By Trading Account b/d	17 900
Balance Net Profit to Head Office	10 717	Discounts Received	418
Profit and Loss Account			
	<u>\$ 18 318</u>		<u>\$18 318</u>

BALANCE SHEET AS AT 31ST DECEMBER 19

LIABILITIES.		ASSETS		
Sundry Creditors	\$ 2 062	Cash	\$ 460	\$
Head Office Account	29 319	Bank	5 450	
		Sundry Debtors		\$ 910
		Stock		5 025
		Fixtures		2 736
	<u>\$31 381</u>			<u>\$31 381</u>

EXERCISE XXVI—No. 32

F SAUNDERS'S STATEMENT OF AFFAIRS AT DATE OF RECEIVING ORDER

Gross Liabilities		LIABILITIES		Expected to Rank.		Assets		Estimated to Produce	
£	s d	£	s d	£	s d	£	s d	£	s d
9 700	-	Unsecured Creditors A				Property H—			
2,500	-	Fully secured Creditors B				Cash		40	-
	-	Value of Security		2,500	-	Stock		800	-
	-	Surplus to contra		3,500	-	Machinery		750	-
3,000	-	Partly secured Creditors C				Fixtures		100	-
	-	Value of Security		1,000	-	Total as Last H		1,690	-
250	-	Liability on Bills discounted		2,000	-	Surplus from Last H, as per contra		1,000	-
120	-	Creditors for Rent F		250	-	Book Debt I—		500	-
20	-	Preferential Creditors G—				Good			
50	-	Rates and Taxes		120	-	Doubtful			
	-	Wages and Salaries		70	-	Bad			
	-	Deducted in full as per contra		£190	-			100	-
	-					Total Assets		3,290	-
	-					Deduct Preferential Creditors as per contra		190	-
	-					Net Assets		3,100	-
	-					Deficiency K		2,850	-
£9 640	-			£590	-			£5,950	-

The estate can pay $\pounds 3100 = 10s\ 5d$ in \pounds .

EXERCISE XXVI—No 33 (cont'd)

PHILLIPS & THOMAS, LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr

Cr.

	£	s	d	£	s	d	£	s	d
To Trade Expenses				246	5	4			
" Salaries				942	15	3			
" Bad Debts				189	5	3			
" Add Bad Debts accrued				150					
" Legal Expenses				359	4	3			
" Rates and Taxes				17	9	5			
" Less Rates prepaid									
" Travelling Expenses (including £24/15/4 from P & C B)				191	5	4			
" Repairs (including £27/18/3 from P & C B)				242	19	5			
" Insurance				185	3	4			
" Subscriptions and Donations				2 035	4	2			
" Horse keep and Carriage (incl £15/5/7 from P & C B)				76	9	8			
" Bank Commission				83	4	9			
" Sundry Expenses				361	11	2			
" Interest on Mortgage				52	5	7			
" Bad Debt Reserve (estimated)				14	0	7			
" Discount Reserve on Debtors (5% of £5 745/5/4)				160					
" Depreciation—				346					
Freehold Factory (1% of £5 800)	58			287	5	3			
Extensions to Factory (25% of £440)	110								
Machinery and Plant (5% of £2 164)	120	4							
Engine and Boiler (10% of £560)	56								
" Balance old, New Profit				944	4				
				1 434	11	3			
				£ 281	2	9			

Dr

APPROPRIATION ACCOUNT

Cr

	£	s	d	£	s	d
To Interim Dividend Paid on Preference Shares						
" Balance to Balance Sheet				240		
				1 194	11	3
				£ 1 434	11	3
By Current Year's Profit						
				1 434	11	3
				£ 1 434	11	3

PHILLIPS & THOMAS LTD
BALANCE SHEET AS AT 31ST DECEMBER 19

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
£	s	£	s
<i>Nominal Capital—</i>		<i>Freehold Factory</i>	
8 000 8% Cumulative Preference Shares of £1 each	8 000	<i>Less Depreciation</i>	58
14 000 Ordinary Shares of £1 each	14 000		5 742
			400
<i>Issued Capital—</i>		<i>Dwelling house</i>	440
8 000 6% Cumulative Preference Shares of £1 each	8 000	<i>Extensions to Factory</i>	170
fully paid		<i>Less Depreciation</i>	164
14 000 Ordinary Shares of £1 each fully paid	22 000		240
		<i>Plant and Machinery</i>	404
		<i>Add Additions</i>	120
		<i>Less Depreciation</i>	460
		<i>Engine and Boiler</i>	36
		<i>Less Depreciation</i>	150
		<i>Motors</i>	50
		<i>Add Appreciation</i>	
		<i>Horses, Carts and Harness</i>	
		<i>Goodwill</i>	
		<i>Stock</i>	
		<i>Coal and Coke</i>	
		<i>Sundry Debtors</i>	
		<i>Less Bad Debts Reserve</i>	
		<i>Discount Reserve</i>	
			6 691
			633
			5 2
			507
			944
			94
			11
			15
			1 545
			15
			29 908
			1 6

Dr PUBLISHING TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19. Cr

	£	s.	d.		£	s.	d.
To Stock, 1st Jan	500	-	-	By Sales	5,500	-	-
" Paper and Printing	4,250	-	-	" Subscribers.	40	-	-
" Engraving Blocks	150	-	-	" Advertisements	4 100	-	-
" Literary Contributions	400	-	-	" Stock, 31st Dec.	700	-	-
" Carriage	140	-	-				
" Postage and Telegrams	30	-	-				
" Advertising Expenses	150	-	-				
" Trade Expenses	110	-	-				
" Discounts	10	-	-				
" Bad Debts	20	-	-				
" Wages and Salaries	500	-	-				
" Designs for Publications	500	-	-				
" Balance, Net Profit of Dept.	3 280	-	-				
	£ 10 340	-	-		£ 10 340	-	-

Dr SUPPLY TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr

	£	s.	d.		£	s.	d.
To Stock, 1st Jan.	4 000	-	-	By Sales	17,000	-	-
" Purchases	9,000	-	-	" Stock, 31st Dec.	4,500	-	-
" Carriage	1,200	-	-				
" Trade Expenses	150	-	-				
" Wages and Salaries	1,500	-	-				
" Discounts	30	-	-				
" Postages and Telegrams	90	-	-				
" Designs for Publications	500	-	-				
" Balance, Net Profit of Dept.	5,030	-	-				
	£ 21,500	-	-		£ 21,500	-	-

THE STAMBRIDGE PUBLISHING CO. LTD

Dr		Appropriation Account		Cr	
	£	s	d		£
To Managing Director's Commission 2½% on £2 586	1 130			By Balance 1st Jan	4 120
Dviden is Paid on Pref Shares	2 000			Current Year's Profit	2 586
Reserve Account	3 511	7			
Balance to Balance Sheet	£6 706				£6 706

THE STAMBRIDGE PUBLISHING CO., LTD.

BALANCE SHEET AS AT 31st DECEMBER 19 .

CAPITAL AND LIABILITIES		£		s	d	£		s	d	PROPERTY AND ASSETS		£		s	d	£		s	d
<i>Nominal Capital—</i>										Copyrights Account						Furniture Fixtures, and Fittings			
10 000 Ordinary Shares of £1 each		10 000		—						Less Depreciation		940		—		18 000		—	
4 000 6% Preference Shares of £5 each		20 000		—								94		—				—	
										Stock						840		—	
<i>Issued Capital—</i>		£ 30 000		—						Publishing Department		700		—				—	
4 780 Ordinary Shares		1 780		—						Supply Department		4 500		—				—	
Less Calls in Arrear		10		—														—	
4,000 6% Pref Shares of £5 each						4 780		—		Goodwill		3 220		—		5,200		—	
Reserve Account		3 000		—		20 000		—		Sundry Debtors		500		—		4 000		—	
Add Transfer from Profit and Loss Account		2 000		—						Less Reserve for Bad Debts						2,720		—	
Bills Payable						5 000		—		Bills Receivable		1 780		—		190		—	
Sundry Creditors						2 200		—		Cash at Bank		90		—				—	
Managing Director's Commission						1,250		—		Cash in hand						1 850		—	
<i>Profit and Loss Account—</i>						64		13		General Advertising Expenses		6 000		—				—	
Balance available for distribution						3 511		7		Less Amount written off, &		2 000		—		4,000		—	
						£ 36 806		—								£ 36 806		—	

KEY TO ADVANCED ACCOUNTS

TEST I—No. 1

When a bank overdraft has been collaterally secured by the issue of Debentures, the Debentures so issued should be entered "short" on the Liabilities side of the Balance Sheet, as below—

BALANCE SHEET
(CAPITAL AND LIABILITIES SIDE ONLY)

	£	s	d	£	s	d
<i>Authorized Debentures—</i> 800 Bonds of £50 each						
<i>Issued Debentures—</i> 600 Bonds of £50 each	40,000	—	—			
Bank Overdraft (Collaterally secured by Issue of £5,000 Debentures)				30,000	—	—
				4,000	—	—

TEST I—No. 2.

According to Article 13 of Table A, a company is empowered to charge Interest on Calls in Arrears at the rate of 5 per cent, and not at 10 per cent as charged by the company. It would seem reasonable to assume that Interest on Calls in Advance should be provided for, against defaulting shareholders being charged interest (See also *Advanced Accounts*, pages 620 and 621)

TEST I—No. 3.

The documents, or other information required before passing the Share Certificates as correct, are as detailed below—

- (1) Old Share Certificates covering the distinctive numbers included in the new certificates to be surrendered
- (2) The Share Transfer—transferring the shares to the person in whose favour the new certificate is prepared—duly signed by the transferor and transferee, should be inspected
- (3) Satisfactory evidence of the following facts must be forthcoming—
 - (a) That the transfer fee has been paid
 - (b) That the transfer has been properly stamped
 - (c) The new share certificate to be closely examined as to its accuracy in the details inserted
 - (d) The transfer lodged when the transferor acquired the shares
 - (e) Agreement of particulars relating to the shares as entered in the Share Register with particulars of shares given in the transfer

TEST I—No. 4.

See example of form of Bin Card on page 818 of *Advanced Accounts*

TEST II—No 1

JOURNAL OF McARTHURS LTD

			£	s	d	£	s	d
19 Feb 1	Appropriation A/c To Reserve A/c	Dr	5 000	-	-	5 000	-	-
	Preference Share Dividend A/c To Preference Shareholders	Dr	1 750	-	-	1 750	-	-
	Preference Shareholders To Income Tax (tax at say 4s) Bank	Dr	1 750	-	-	350 1 400	-	-
	Appropriation A/c To Preference Share Dividend A/c	Dr	1 750	-	-	1 750	-	-
	Ordinary Share Dividend A/c To Ordinary Shareholders	Dr	10 000	-	-	10 000	-	-
	Ordinary Shareholders To Income Tax (tax at say 4s) Bank	Dr	10 000	-	-	2 000 8 000	-	-
	Appropriation A/c To Ordinary Share Dividend A/c	Dr	10 000	-	-	10 000	-	-
			£ 40 250	-	-	40 250	-	-

Dr

APPROPRIATION ACCOUNT

Cr

		£	s	d		£	s	d
19 Feb 1	To Reserve	5 000			19 Feb 1	By Balance	3 743	
	Preference Dividend	1 750			Dec 31	Profit for year	19 748	
	Ordinary Dividend	10 000						
	Balance c/d	6 743						
		£ 23 493					£ 23 493	
					Feb 1	By Balance b/d	6 743	

Dr

BANK ACCOUNT

Cr

		£	s	d
19 Feb 1	By Pref Shareholders	1 400		
1	Ordinary Shareholders	8 000		

TEST II—No. 1 (cont'd)

Dr		INCOME TAX ACCOUNT				Cr	
			19 Feb 1	By Pref Shareholders , Ordy Shareholders		£ 350 2 000	s - -

TEST II—No. 2.

The necessary entries for the issue of shares at a premium (applicable to any class of share) are set out on pages 603 and 604 of *Advanced Accounts*

TEST II—No. 3

It may be assumed that as the directors of the company are empowered according to the Articles of Association of the company, to allow interest on Calls in Advance there would be an obligation to make provision for such interest when preparing the accounts for the financial year. The necessary entries to bring interest on Calls in Advance into account are as under—

JOURNAL	
Interest Payable A/c To Shareholders	Dr

(See also *Advanced Accounts* pages 620 and 621)

TEST II—No. 4

This item of overhead relates to the attempt to ascertain the expense of running each machine in order to be able to charge the work done on the machines with the actual expense due to work being performed. When the actual cost has been ascertained for the total estimated running hours the overhead is usually applied as a percentage of such cost and charged against a job in the ratio the "total" time run by the machine bears to the actual time run on the specific job.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1938

To Discounts					
Salaries and Commissions	£ 175	-	-	-	-
Directors Fees	7 291	-	-	-	-
Office and Trade Expenses	1 500	-	-	-	-
Bad Debts	2 368	-	-	-	-
Depreciation of Plant and Machinery	122	-	-	-	-
Leasehold Redemption Fund	5 700	-	-	-	-
Balance Net Profit	1 200	-	-	-	-
	8 181	-	-	-	-
	£ 47 537	-	-	-	-

BLANKS LTD
BALANCE SHEET AS AT 30TH JUNE 1938

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
Nominal Capital—				Leasehold Premises Plant and Machinery Less Depreciation			
50 000 5% A Preference Shares of £1 each	50 000	—	—	38 000	—	—	40 000
200 000 7% B Preference Shares of £1 each	200 000	—	—	5 700	—	—	—
200 000 Ordinary Shares of £1 each	200 000	—	—				32 300
	£450 000	—	—				14 805
		—	—				75 000
		—	—				103 523
Issued Capital—				Policy Account for Leasehold Redemption (see Contra Account)			
50 000 5% A Preference Shares of £1 each fully paid	50 000	—	—	Goodwill	—	—	—
100 000 7% B Preference Shares of £1 each fully paid	100 000	—	—	Stock in Trade	—	—	—
150 000 Ordinary Shares of £1 each fully paid	150 000	—	—	Sundry Debtors	84 560	—	—
		—	—	Less Bad Debts Reserve	500	—	—
		—	—	Cash at Bank and in hand			84 080
		—	—				27 391
Sundry Creditors		—	—				—
Income Tax Reserve	900 000	—	—				—
Leasehold Redemption Fund 1st July 1938	23 552	—	—				—
Add Transfer from Profit and Loss	4 948	—	—				—
Add Interest at 3%		—	—				—
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TEST III—No. 1.

STATEMENT OF PROFIT AND LOSS OF A AND B FOR THE YEAR ENDED 31ST DECEMBER, 1938

[illegible]

Dr

TOTAL DEBTORS' ACCOUNT

			Cr		
1937	To Debtors in France at this date		1938	By Amount received during the year	£
Dec 31	" Sales during the year	£	Dec 31	" Debtors at this date at 175 exchange	£
1938	" Profit on Lixénage . . .	960			8 257
Dec 31		988 310 00			84 350 00
					482
		1 160 630 00			
1939	To Debtors in France at this date	£8 739			£6 759
Jan 1		84 350 00			
		482			

The first debit represents the total of the Debtors' list in Fcs and sterling at 31st December 1937. The second debit is the total sales for the year in Fcs and sterling. The third debit is the difference between the sterling values of the commencing debtors and sales, and the amount realized for them plus the sterling value of the closing debtors at the rate of exchange prevailing at the balancing date. The first credit is the actual amount remitted in Fcs and the sterling amount realized for them. The second credit is the total of the Debtors' list in Fcs and sterling at 31st December, 1938.

SINKING FUND ACCOUNT

Cr

Dr

		1936 Dec 31	1937 Dec 31	1938 Dec 31		£	s	d
					By Profit and loss Account	1 600	-	-
					Interest Profit and Loss Account	56	-	-
						1 600	-	-
						3 256	-	-
					Interest Profit and Loss Account	113	19	2
						1 600	-	-
						£4 969	19	2

INVESTMENT ACCOUNT

Cr

Dr

		1936 Dec 31	1937 Dec 31	1938 Dec 31		£	s	d
		To Bank				1 600	-	-
		, Bank				1 856	-	-
		Bank				1 713	19	2
						£4 969	19	2

BALANCE SHEET AS AT 31ST DECEMBER 1938

		LIABILITIES		ASSETS	
		£	s	£	s
Debentures		20 600	-	Sinking Fund Investments	4 969 19
Sinking Fund Account			2		
			</		

When repayment of the debentures takes place the investment will be realized bank being debited and the investment credited. Any balance that may remain on the latter account will be transferred to the Sinking Fund Account. The Debenture Discount Account will be transferred to the Sinking Fund Account the balance of which will be transferred to a Reserve Account. The Debentures will be discharged the Debentures Account being debited and bank credited.

TEST III—No. 4

Dr

MACHINERY ACCOUNT

Cr

	£	s	d		£	s	d
To Bank—				By Sale of Scrap	75		
Cost of Machine	2,000	-	-	Amount written off to			
Cost of Erection	100	-	-	Depreciation Fund	1,975	-	-
Cost of New Machine	2,300	-	-	Balance, carried down	2,350	-	-
	£4,400	-	-		£4,400	-	-
To Balance, brought down	2,350	-	-				

Dr

DEPRECIATION FUND

Cr

	£	s	d		£	s	d
To Cost of Scrapping Machine	20	-	-	By Amount of Fund as stated	1,650	-	-
Loss on Realization of Investment	90	-	-	Profit and Loss Account	435	-	-
Amount written off Machinery	1,975	-	-				
	£2,085	-	-		£2,085	-	-

Dr

INVESTMENT ACCOUNT

Cr

	£	s	d		£	s	d
To Balance	1,650	-	-	By Bank	1,650	-	-
				Loss on Realization	90	-	-
	£1,650	-	-		£1,650	-	-

Dr

BANK ACCOUNT

Cr

	£	s	d		£	s	d
To Sale of Scrap	75	-	-	By Machine	2,000	-	-
Investments	1,500	-	-	Cost of Erection	100	-	-
				Cost of Scrapping Machine	20	-	-
				Cost of New Machine	2,300	-	-

TEST III—No. 5

(a) Liabilities of customers for acceptances endorsements, and other engagements denote bills which the bank has accepted or endorsed on behalf of its customers. This is usually done in the case of foreign bills as it greatly facilitates their negotiation abroad. The customer is, of course, liable to the bank, while the bank is liable to the parties abroad. These items therefore appear on both sides of the balance sheet.

(b) Money at call or short notice denotes loans to bill brokers, stock brokers and others on securities called "Floaters" (i.e. exchequer bonds, consol certificates, and other first-class securities). Advances are also made on Dock Warrants, Consignments, Produce Documents, etc.

(c) Current Deposit and other Accounts, including provision for Contingencies, denotes the liability of the bank to its customers, repayable on demand or after a short period of notice. Provision may also be included in the item for staff pension fund, secret reserves, and any balances which it is not thought needful to describe with more particular detail.

TEST III—No. 6

(a) An appropriation of profit is the allocation of profit earned to some particular purpose such as the payment of a dividend the setting aside to reserve of some specified sum or an arbitrary amount written off goodwill

(b) A charge against profit is an item of expense that has been incurred in earning profit

(i) Directors' fees are a charge against profits as the fees represent remuneration paid to directors for services rendered in conducting the business of the company

(ii) Debenture interest may be regarded as either a charge against profits or an appropriation of profit. It may be said that the interest is an essential cost of working the business and from that point of view is a charge against profits. On the other hand it can be argued that if the company had issued shares to an extent to provide the funds necessary to run the business borrowing would not have had to be resorted to and debenture interest would not have arisen and that consequently the interest is remuneration to money invested in the business on debentures just as a dividend is remuneration to money invested in the business in shares. It is also thought that the Profit and Loss Account should show profit arising from pure trading and not have charged against it in arriving at trading profits an item like debenture interest which would not have arisen if the company had issued sufficient share capital and avoided borrowing

(iii) Bad Debts Reserve is a charge against profits because it represents a provision for probable losses arising in trading

(iv) A General Reserve is an appropriation of profit because it is merely the setting aside of profit earned and is not a cost of earning profit

(v) Dividends paid is an appropriation of profit, being merely a distribution of profit and not a cost of earning it

TEST III—No 8

See *Advanced Accounts* page 612 The *pro forma* Journal entries relating to forfeiture are—

Share Capital Account

To Forfeited Shares Account

Cancellation of called up capital on shares forfeited

Forfeited Shares Account

To Share Call Account

Amount of unpaid calls written off

TEST IV—No 1

(a) Gross Profit £4 518

(b) Expenses £2 158 (excluding Depreciation £418)

(c) Net Profit £1 942

(d) *Capital Accounts*—

	A			B		
	£	s	d	£	s	d
Balance 1st Jan 1938	8 233	-	-	5 996	-	-
Add Share of Net Profit	971	-	-	971	-	-
	<hr/>			<hr/>		
	9 204	-	-	6 967	-	-
Less Drawings	900	-	-	750	-	-
	<hr/>			<hr/>		
Balance 31st Dec 1938	£8 304			£6 217	-	-
	<hr/>			<hr/>		

	PROOF								
	£	s	d	£	s	d	£	s	d
Assets (as question)							15 625		
Capital A	8 304	-							
B	6 217								
	<hr/>			14 521	-				
Creditors				1 104					
				<hr/>			15 625		
							<hr/>		

TEST IV—No 5 (contd)

The following converted Trial Balance is for guidance of students but NOT called for as part of answer to question

TRIAL BALANCE (PARIS)

	Francs	Francs	£	s	d	£	s	d
Stocks 31st March 1938	1 164 870		6 471	10				
Purchases	3 499 632		19 447	8				
Wages and Salaries	1 146 825		6 371	5				
Manufacturing Expenses	188 820		1 049					
Creditors		1 110 006				6 166	14	
Head Office Account		181 638				1 009	2	
Remittance from H O		4 773 186				26 400		
Cash at Bank and in Hand	64 683		358			117	14	
Exchange Account (profit)								
	6 064 830	6 064 830	£33 693	10		£33 693	10	
Stock, 31st March 1939—								
1 301 477 Francs — £7 230 3s								

Branch loss is arrived at as follows—

	£	s	d	£	s	d
Total of Debit Items				33 693	10	
Less value of—						
Stock at close	7 230	3				
Cash	359	7				
Branch profit	117	14				
				7,707	4	
Branch Loss				£25 986	6	

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